REPORT RESUMES

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FINANCIAL AID TO THE UNDERGRADUATE, ISSUES AND IMPLICATIONS.

BY- WEST, ELMER D.

AMERICAN COUNCIL ON EDUCATION, WASHINGTON, D.C.

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THE CURRENTLY AVAILABLE DATA ON FINANCIAL AID TO COLLEGE STUDENTS ARE ASSESSED TO DETERMINE ITS EFFECTIVENESS AS A MEANS OF ALLOWING STUDENTS WITH ABILITY TO ENTER AND REMAIN IN COLLEGE. THE THREE PRINCIPAL MEANS OF AID ARE EVALUATED--LOANS, SCHOLARSHIPS, AND EMPLOYMENT OPPORTUNITIES, AND THE STUDENTS WHO RECEIVE AID IDENTIFIED BY SOCIOECONOMIC STATUS, ABILITY, FAMILY INCOME, AND OTHER RELATED CRITERIA. VARIOUS SOURCES OF AID (FEDERAL, STATE, INDUSTRY, AND FOUNDATIONS) ARE SPECIFICALLY DISCUSSED, AND 31 TABLES AND BIBLIOGRAPHY OF 184 REFERENCES PRESENT RELEVANT INFORMATION. (NC)

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Financial Aid to the Undergraduate

Issues and Implications

Elmer D. West

U. S. DEPARTMENT OF HEALTH, EDUCATION AND WELFARE
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AMERICAN COUNCIL ON EDUCATION

Financial aid to the undergraduate

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Issues and implications

Elmer D. West

Director,
Office of Statistical Information
and Research

AMERICAN COUNCIL ON EDUCATION · Washington 36, D.C.

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Foreword

The American Council on Education has long been interested in the problem of college and university scholarships. In 1947 the Council solicited information and advice on the subject from its membership. In 1949 it convened a group representing many national organizations and three Government agencies to discuss proposed legislation for a Federal program. Later, increasing activity by independent agencies and by several branches of the Federal Government led to a report prepared under the auspices of the Subcommittee on National Scholarship Policy of the Council's (then) Committee on Relationships of Higher Education to the Federal Government. That report, edited by Elmer D. West and entitled *Background for a National Scholarship Policy*, was distributed to the Council membership in 1956.

The Council is greatly concerned, as is the entire country, with the fullest development of high-level ability. The problems involved in this development are recurring. In 1962 the Commission on Federal Relations requested a new report on the issues involved, with specific reference to a Federal scholarship program. Although direct and unchallenged data on the number of "needed" scholarships are not available—and will not be—in a constantly changing situation, periodic review of the data and of the issues is essential. This is the intended function of Dr. West's *Financial Aid to the Undergraduate: Issues and Implications*. We trust it will be useful to those responsible for determining policy.

LOGAN WILSON, *President*
American Council on Education

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Preface

A statement that this report resulted from a request by the Commission on Federal Relations for a study of "the entire question of Federal scholarships" is both true and inadequate. The time for preparation was short. The work required was largely additional to other work which had to go on. But whatever the deficiencies of the product, it was completed within the specified limits. It would not have been, however, had the author not had strong feelings about the assignment.

The commission was interested in a review of available current data; it also was interested in the issues involved and in the implications of financial aid to undergraduates. The commission must be objective in its deliberations, and data are important. But the issues involved will not be resolved by data. They are human issues, and the bias of the author will be obvious in the report.

An earlier report* dealt with the problems and the issues. It, too, was done for the Council's committee concerned with Federal relations. It, also, was done by the author of this report. But there is a difference.

In 1955 when work on the earlier report was started, if the author had a bias (and, presumably, all do) it was in the direction of individual initiative and opposition to a Federal scholarship program. No conclusions were drawn in the earlier report, but the suggestion apparent was that a large national program (private or Federal) was needed. The author's bias gradually changed from an emphasis on individual effort—let the capable student get his own education—to a primary concern with national needs; thus the statement "capable students who want an education can get it if they try hard enough" became subordinate to "the nation can't afford to lose the potential contribution of these capable people." Both statements are still true; it is a matter of emphasis. The author's bias is simply that the question of whether high ability will

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* Elmer D. West, *Background for a National Scholarship Policy* (Washington: American Council on Education, 1956).

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be developed is too important to be left to the whims of ancestry, environment, and socioeconomic status; that young people with high ability must be sought out, identified early, and encouraged to seek an education; and that a Federal scholarship program is one way of helping to develop this ability.

Gratitude is owed to the many people who generously made material available—sometimes in draft form—for this study. Because time was a factor in the preparation of this report, some important publications may have been overlooked. A subcommittee of the commission read and reviewed an early draft. Its criticism and comments were helpful, as were those of Council staff members. Finally, acknowledgment is made to the staff of the Office of Statistical Information and Research, who assisted with those portions of the report dealing with data.

The data presented are factual indications of the present situation. The interpretations of data and the discussion of issues, being personal, do not necessarily reflect the opinions of any member of the Commission on Federal Relations, the subcommittee, or the Council.

ELMER D. WEST

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1. An overview

There is a gap between the financial resources of [some] students or their parents and the sums needed to meet the expenses of obtaining a college education and this gap must be filled by . . . [6] *

THERE IS LITTLE DISAGREEMENT with the beginning of this sentence, but a problem arises in the way in which it may be completed. There are several possibilities: employment, living at home, loans, scholarships, and moving to a different region. These are not mutually exclusive. Each will be discussed briefly, not to evaluate its respective effectiveness but to suggest a different emphasis. In practice, of course, the methods of providing aid may be, and frequently are, combined.

Ways of meeting college expenses

Employment. Those who look to employment as an aid might point out that the student can take off a semester or so if he must, and he can work evenings and week ends and possibly some hours between classes during the week. Work may not be the only solution; his earnings may be supplemented by help from the family or by loans. However, for those who look to earnings, the emphasis is on the self-reliance of the individual. It is the student's own responsibility. "Working one's way through college" has become the modern counterpart of being "born in a log cabin." Extremists who have not examined today's high cost of education might express it: Any red-blooded American boy can get a college education if he has the gumption to work for it!

Living at home. The student who lives at home and attends a local college obviously might reduce his costs. This, of course, assumes that staying at home takes care of all expenses except those incidental expenses which he or his family can take care of in some way. It also assumes that there is a college close to his home that offers the program of study he wants or is willing to accept.

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* Figures in brackets refer to entries in Bibliography.

Loans. If the student does not have the money to attend college, he has another choice: He may borrow money. Credit also may be supplemented by some family help or part-time jobs during the academic year and by full employment during the summer. Whether the student must borrow only a small amount of money which can be paid off in a relatively short time, or whether he must borrow a large sum which may keep him in debt for many years is irrelevant. The point is, as with employment, the emphasis is on the student's responsibility to take care of himself.

Scholarships. There are various sources of scholarship funds, and various kinds of scholarships. To describe adequately this possibility for meeting college expenses, the category must be divided into two sections: private scholarship funds and public scholarship funds.

There are sources of private funds that allow the student complete freedom to choose the institution he will attend and the program he will pursue. But there are also private scholarship funds that are used by a college for a variety of purposes of which "scholarship" may not necessarily be the predominant one. Whereas a college may induce bright students to attend in order to improve its own status and prestige, it may also use scholarship money to obtain a geographic representation among its students, to maintain some ratio of men to women, to build a special curriculum, or for other reasons. Both the initiative of the individual and the initiative of the institution come into the picture. A student with know-how in the process of obtaining a scholarship, with some assistance, and with adequate ability may have little difficulty getting a scholarship. An institution with an aggressive policy of selecting its students may have little difficulty getting the students it wishes. Those students who do not fall under the first category and are overlooked in the second may have some trouble.

There are also public scholarships, community scholarships, and state scholarship programs, a few rather comprehensive in nature, but most of them for restricted uses only. And there are Federal programs designed to assist very limited segments of the population or to facilitate recruitment, as for the military services. Criteria for selection do not always place scholarship first.

Moving to a different region. The suggestion is not facetious. There are areas where competition for scholarships is less keen and where institutions with less-than-average tuition and living costs are located. For a family with several children who will attend college, moving to a different location—possibly to one where living at home is possible and with a free or low-tuition institution—may be economically very desirable. (Even at the low cost of only $1,500 per year per student the education of four children would cost $24,000, much of which might be saved by low tuition and living at home.)

An attitude sometimes expressed is that developing the youth of the country is a national problem, too important to be left to the idiosyncrasies of the individual or the institution, or to chance. Thus, it is said that "... educated man-power is a national resource capable of infinite development and utilization in the dynamic economy such as ours." [*180*, p. 99] In a stronger statement [*46*, p. 46] the point was made that aid to students in higher education is "essential to democratize educational opportunity, to correct an unconscionable wastage of human resources, and to correct an imbalance of emphasis in education resulting from specialized programs of aid at advanced levels of training." These points of view transfer individual development from the realm of choice by the individual to that of the need of society.

The Commission on Federal Relations

The American Council on Education [*177*] has been concerned with scholarships over a number of years. In 1947 it approached both its institutional and constituent members for information. In 1949 it convened a group representing both Government agencies and national organizations to discuss proposed legislation. In 1954 its Committee on Relationships of Higher Education to the Federal Government requested the appointment of a special Subcommittee on National Scholarship Policy. This subcommittee, at its first meeting, felt that it could not formulate sound judgments until it had more information about the scholarship problem on a national scale. A special project to correlate information from many different sources was needed, and the subcommittee recommended a basic study as a prelude to an attempt to reach judgments on matters of policy. In due time a report was prepared, approved by the subcommittee and by the Committee on Relationships, and subsequently published. [*177*]

Interest in the general problem of college scholarships has not abated. In recent months, the Commission (formerly Committee) on Federal

Relations of the American Council on Education has again considered the problem of whether there was a need for a Federal program for scholarships and, if so, for whom it should be developed. The present commission, and the preceding committee, had expressed approval of a Federal scholarship program. It had spent much time discussing ways in which a Federal scholarship program might be administered. The commission was aware that Federal scholarship programs would be only one source of aid to students. It recognized that the demands for Federal money were great and that a Federal scholarship program was only one of the demands in the field of education.

Although the Council has been on record for some time as favoring a scholarship program, the commission also recognized that previous actions had been taken some years ago and that circumstances possibly had changed. It agreed, therefore, that a study of the entire question of Federal scholarships was needed, and suggested that such a study address itself to questions such as the following:

1. What portion of the college-age population is presently reached by available scholarship assistance?
2. What meaningful information is available on the need for additional scholarships, and on the criteria by which these scholarships should be awarded?
3. What are the implications for college admissions and for the administration of scholarship aid if a Federal scholarship system should be established?

The Board of Directors of the Council approved such a study, and noneducational organizations also recognized the need for it. The Subcommittee on Economic Statistics of the Joint Economic Committee of the Congress of the United States stated that "more should be known also about . . . the availability of financial assistance to students and the extent to which 'gifted' students are unable to obtain higher education because of financial difficulties. . . ." [*132*, pp. 32–33]

Coverage

To review scholarship assistance in its proper perspective it is necessary to refer to other sources of financial aid or ways the student can support himself. At the time of the earlier report [*177*] loans to undergraduates did not play a very important part in providing financial assistance. Loans were then unpopular, and many colleges and universities reported they had loan funds that were unused simply because there was no demand for them. Attempts then developing on the part of some institutions to combine scholarship assistance with loans and with work, coupled with the passage of the National Defense Education Act with its loan program, changed the over-all picture of financial aid. Therefore, a study of the need for additional scholarships must also be concerned with loans and with job opportunities, as well as with the changing economic conditions of our society.

With few exceptions, this report has been limited to materials developed since 1955. It supplements and updates the previous report [*177*] without repeating the data of that report.

Definitional problems

As has been reported many times, there is a great deal of confusion about what is meant by the word "scholarships."* Each person who develops a scholarship program has the privilege of defining it in any way he wishes. Thus scholarships may be cash grants, tuition reductions, prizes, sums that have to be repaid later under certain conditions (and, therefore, more properly loans), work scholarships that require service (employment), prizes won in contests or, occasionally, by a special prize drawing which anyone can win [*50*], and possibly other types. In some instances free tuition has been described as a scholarship. We must start then with the realization that scholarships are used for a variety of purposes and, therefore, have a variety of definitions. Some of them have no relationship, or at best a minimal relationship, to academic ability.

Insofar as the data permit, this report will deal with financial assistance to undergraduates only, although reference will be made to other levels for purposes of clarification or perspective.

Suggestions and possible alternatives for action

There is no formula for bringing the diverse points of view mentioned earlier into unity nor for giving the various alternative methods numerical weightings that will result in a neat scale. As has been pointed out, the extent to which scholarships are offered, the number offered, the value of each, the conditions to be established, and by whom they may be financed, must be settled by judgment, not upon objective facts. [*177*]

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* Various definitions are given in the *Handbook of Data and Definitions in Higher Education* [*4*] which resulted from action by a joint committee sponsored by the American Association of Collegiate Registrars and Admissions Officers.

In the end, the problem of whether there is a need for a Federal scholarship program must be resolved upon philosophical considerations. An answer to the question: What has been done? is not necessarily the same as an answer to the question: What should be done? Nevertheless, what has been done and what needs to be done must be brought together if the best solutions are to be obtained. It is hoped that the data to be presented will make sound judgment possible.

2. Scholarships

ALTHOUGH FINANCIAL AID TO STUDENTS is separated into three subcategories—scholarships, loans, and jobs—the separation is somewhat artificial. In practice, the three are frequently combined to provide aid to the student and to help him help himself. The separation, however, may give some perspective on the relative contributions of each. Scholarships are discussed in this chapter, and loans and student employment opportunities are discussed in chapter 3.

It is not easy to get meaningful material on the number of scholarships available to college students and on the value of these scholarships. They come from a variety of sources, and duplication may exist. Some of the most obvious sources have been studied, and data follow.

The colleges and universities as a source

Several reports have indicated that the colleges and universities are the largest source of scholarship funds. In 1956 the major recorded source of scholarships appeared to be the institutions of higher learning, and their major source of funds appeared to be current operating funds. In 1958 colleges and universities were the source of 66 percent of the scholarships offered to near-winners in the National Merit scholarship program, with the next largest class of donors, government agencies, falling in a distant second place with 10 percent. [*58*] Recently (1962) colleges and universities were still the largest source of aid. [*88*] It seems appropriate, therefore, to determine the extent of this aid.

For several years the U.S. Office of Education has made a study of college scholarships and fellowships. [*148, 149, 160*] The earliest one, published in 1936, is not readily available, but the summary data are included in the 1951 study. Table 1 summarizes the essential points of these four studies.

Unfortunately, even these studies made by the same office do not permit direct comparisons. In the first series, covering the year 1934–35,

TABLE 1: SCHOLARSHIPS AVAILABLE AND AWARDED, SELECTED YEARS

YEAR	COLLEGES AND UNIVERSITIES		SCHOLARSHIPS			
	Total	Number Giving Scholarships	*Available*		*Awarded*	
			Number	Value	Number	Value
1934–35....	....	674	66,708	$ 8,863,082	....	....
1949–50....	1,808	1,198	141,554	31,056,755	124,223	$27,000,963
1955–56....	1,856	1,568	237,370	65,736,950	....	....
1959–60....	2,011	1,677	....	....	287,589	98,157,544

the number of scholarships and the value of the *available* scholarships was reported. In the next report, that for 1949–50, both the value of the *available* scholarships and the value of those *awarded* are given; the number of each is also given. For the following report, that for 1955–56, only the value of the *available* scholarships is given. And for the last one, that of 1959–60, the value of the *awarded* scholarships is given. Thus in only one of the four studies is the complete picture given: that of the value of the scholarships available and the value of the scholarships awarded.

As is frequent in surveys of this kind, the data given are incomplete. Many institutions did not reply to the questionnaires.

Two of these Office of Education publications have the word "undergraduate" in the title. However, data given are essentially for "bachelor's and first professional degrees" rather than for undergraduate education alone. In some institutions—and Harvard may be used as an illustration—this may make a substantial difference in the scholarship picture. Under Harvard University, separate listings are found for: Harvard College, Harvard Law School, Harvard Graduate School of Business Administration, Harvard Medical School, and School of Public Health. The number of scholarships for freshmen for each of these is, respectively: 362, 93, 40, 44, and none. Those for Harvard College, Harvard Law School, and Harvard Medical School are designated "to entering freshmen." The total value of the scholarships for the five units at Harvard listed as undergraduate is $1,925,270. However, of this amount only $1,244,000 is available to students of Harvard College, the undergraduate section of the university; $681,000, or over one-third of the total, might more properly be described as for "professional" rather than undergraduate education.

Several colleges and universities reported no financial assistance. For the year 1949–50, the number falling in this category was 274; for 1955–56, the number was 189; and in 1959–60, 144 institutions reported no financial assistance. To get some indication of the completeness of the returns, these figures should be added to the number of colleges and universities reported in the survey. This would indicate that of the 1,808 colleges and universities in existence in 1949–50, 1,472 replied in a usable fashion, and 1,198 had financial assistance programs. For the year 1959–60, of the 2,011 institutions in existence, 1,821 replied in a usable fashion, and, of these, 1,677 reported financial assistance and were included in the report. In part the increase in funds may be attributed to the increase in the number of institutions included in the report.

As nearly as can be determined, the Office of Education asked institutions to report as "scholarships" only those grants that required neither service nor repayment and that were under the control of the institution. This control may be exercised either by determining the recipient of the awards or by accounting for the funds in the institutions' own records. As mentioned earlier, the funds apparently include, in addition to what is normally referred to as undergraduate training, all curriculums that lead to first professional degrees, such as medicine, law, theology, dentistry. In summary the amounts shown by the Office of Education studies are presumably upper limits and therefore exceed the amount available to undergraduates only.

Data are complicated by another report by the U.S. Office of Education which states that in 1957–58 "funds received for awarding fellowships, scholarships, prizes and other forms of student aid not involving the rendering of service to the institution or repayment of the award [were] close to $136 million." [*161*, p. 34] Earnings of endowed fellowships, scholarships, prize funds, and the like, accounted for $19 million; grants or gifts from individuals, foundations, corporations, $33 million; direct appropriations from Federal, state, or local governing bodies, $20 million; and current general funds for student aid purposes, $64 million.

Another Office of Education publication [*142*], issued in 1957, reports that 20.8 percent of students included in the study received scholarships. Almost 16 percent (15.9 percent) obtained them from college-controlled funds and 6.5 percent from other sources. These add up to 22.4 percent owing to the fact that 229 of the 2,421 students received awards from both sources. Thus 9.5 percent of the students received double awards. The median award from college-controlled funds was $218; from other funds, $268. The study concludes that "The chances of getting a scholarship directly from the colleges are more than twice as great as from all other sources combined, while the stipend [is] a fourth larger." [*142*, p. 54] Other studies also indicate the number and value of existing scholarships.

The Council for the Study of Higher Education of Florida sponsored a study of the costs of education to undergraduate students in Florida institutions in 1954–55. [*125*] Twenty of Florida's 24 institutions participated in the study. A sample of 3,036 students was selected, and, of these, 1,878 completed usable schedules. Both expenditures and incomes were included, along with questions relative to scholarships. Table 2 shows the percent of students holding college-controlled scholarships and the mean value of these scholarships. (Reference will be made later to the scholarships which were not under the control of the colleges.)

TABLE 2: COLLEGE-CONTROLLED SCHOLARSHIPS IN FLORIDA INSTITUTIONS, 1954–55*

Groups of Institutions	Percent of Students Holding Scholarships	Mean Cash Value of Scholarships
White institutions:		
Junior colleges		
Public	6.9	$117
Private	5.6	167
Senior colleges		
Public	3.6	245
Private	24.1	333
Negro institutions:		
Junior colleges		
Public	2.7	116
Private	15.8	251
Senior colleges		
Public	4.6	[illegible]
Private	10.3	216

* Applied to the 11 percent of students in this study who held college-controlled scholarships during the school year 1954–55.

Source: W. Hugh Stickler, *A Study of Costs Undergraduate Students Incurred in Attending Florida Institutions of Higher Education 1954–55* (Tallahassee: Florida State University 1956), p. 69.

The study shows that the groups of "college-controlled" and "other" scholarship holders were not necessarily either mutually inclusive or exclusive; there may or may not have been overlapping. In the senior colleges a substantially higher percentage of students in private institutions than in public institutions held scholarships and the amounts were larger. The mean total expenditures for the school year are included in the study to show the relationship between the value of the scholarship and the expense incurred.

In 1956–57 a study was made in Michigan of financial assistance to students in all ten state-controlled institutions, all fourteen community colleges, and thirty-one private institutions. [*60*] These fifty-five colleges and universities represented 97 percent of the enrollment of all institutions in the state. One section of the study dealt with scholarships and fellowships and similar awards for which neither service nor repayment was expected. In 1956–57, 13,756 awards totaling $3,154,983 were made. The average was $229.35 per recipient, or $30.53 per full-time equivalent student. The distribution was as follows: 83.7 percent of the awards were made by the state-controlled institutions, 13.4 percent by privately controlled institutions, and 2.97 percent by community colleges. Freshmen received 26.7 percent of the awards, 65.9 percent went to other undergraduates, and 7.4 percent to graduate students. In amounts, however, 19.3 percent went to freshmen, 53.5 percent to other undergraduates, and 27.2 percent to graduate students. The influence of larger fellowships (in the category of "scholarships") is apparent.

Fifty-seven percent of the grants in state-controlled institutions were for less than $200. For private institutions the percentage was 54; and 89 percent of the community college grants were for less than $200. Amounts less than $300 constituted 92.5 percent and 77.2 percent, respectively, of the grants by public and by private institutions. The problem of "unused" scholarships was also noted. Only 26 individual scholarships with a value of $22,250 were identified in the Michigan study as having restrictive clauses that make them difficult to administer.

The Study Committee on Higher Education in Iowa investigated scholarship funds used in Iowa colleges in 1957–58. [*12*] The committee reported that the total amount of money used for student aid purposes by the reporting colleges was $2,035,265. Not all of this $2 million was actual scholarship money; $1,109,622 represented fees and tuitions not collected.

Student expenditures and sources of income of students at the Madison campus at the University of Wisconsin were analyzed for the academic year 1960–61. [*66*] Scholarships were found to be held by 20.9 percent of the freshmen, 10.9 percent of the sophomores, 14.1 percent of the juniors, and 21.0 percent of the seniors. Of the persons holding scholarships, 9.9 percent had scholarships from two sources. Of the undergraduates in the sample, 15.8 percent held scholarships, but of the graduate and law student body enrolled, 10.6 percent held scholarships. The sample of undergraduates excluded students living at home or commuting, and therefore one would expect a higher proportion of the sample group than of the total group to hold scholarships.

The differences between the amounts of the scholarships held by residents and by nonresidents were substantial. Of the students holding scholarships, the median amount for men residents was $333.33 and for women residents, $343.85; for nonresidents the figures were respectively $725 and $425. Although the difference between resident and nonresident women was not as great as for men, the median scholarship for nonresident men was more than double that of resident men. Only 5.2 percent of the nonresident women held scholarships. The mean cost for university attendance for single undergraduate students was reported as follows: residents, men, $1,462.60, women, $1,529.68; nonresidents, men, $2,141.51, and women, $2,409.10.

Fairly detailed data were given on the source of scholarships held by single undergraduate students, divided by class. Although relative amounts are not shown, the University of Wisconsin scholarship office was by far the largest source of scholarships.

Other agencies as sources

The problem of determining the amounts of money available for scholarship purposes in colleges and universities is complex, but when one leaves the college environment and deals with other sources, the data are even more unsatisfactory. Major sources of such aid are, of course, the Federal Government, the various states, municipalities, business organizations, professional and social organizations, and individuals. In compiling one guide, [*17*] over 32,000 organizations were studied and then the list was incomplete: 300 organizations granting financial aid asked that they not be listed. The directory included fellowships, scholarships, loans, and other types of assistance awarded by business firms, various agents, and organizations. The cover mentioned "the more than $400,000,000 available annually for financial assistance to the American college student." This money was not for scholarship purposes only or for undergraduates only. How much is available for scholarships, for fellowships, or for loans was actually not known. The conditions under which the money became available could only be determined by looking up the many organizations listed. The inaccuracy of some of the listings in the report has also been pointed out [*38*], and the estimate of total funds must therefore be taken with caution.

The states as sources

A small number of states—New York, California, Illinois, New Jersey, Virginia, Rhode Island—are the leaders in making available financial assistance to students and provide the bulk of the funds. Although specialized programs, that is, financial aid programs to meet certain needs such as for teachers and nurses, have been in effect for many years, with the exception of New York State large scholarship programs with the broad base of residence only for eligibility are of recent origin. Most of the state scholarship programs provide financial assistance for students who are residents of the state and who attend college within the state. There are a few exceptions. State scholarship programs, in general, support undergraduate programs, in contrast to the programs of certain Federal agencies.

By far the largest state program of financial assistance is that of New York. During 1961–62 there were approximately 40,000 New York residents receiving scholarship and fellowship aid amounting to $15.7 million. [*106*] By 1965–66 when the program is to be in full effect, it is expected to provide assistance to 70,000 students who will receive approximately $27.5 million. Since 1958 the amount of the grant has depended upon financial need, as determined by net taxable family income for the previous year. Of the 29,713 scholarships and fellowships in effect in 1960–61, financial need was determined for 22,154. Although the maximum potential scholarship award is based on financial need, the actual award cannot exceed the cost of tuition and fees or $350, whichever is greater. According to the annual report [*106*] for 1961, the average award received by all Regents college scholarship holders was $406. About 34 percent of the scholarship holders received the maximum of $350 permitted to those attending low tuition schools. About one quarter of the scholarship holders were entitled to the maximum $700 on the basis of financial need and one-third were entitled to the minimum. The report points out that after adjustment was made relative to the cost of tuition and fees, some 13.5 percent actually received a maximum $700 award.

Winners are chosen on the basis of competitive examinations covering high school achievement and college aptitude, and the candidates of each county are arranged in rank order. If a designated student does not accept the scholarship, it is then awared to the next highest ranking alternate in the county. In 1960, 41 percent of the students declined Regents scholarships, so that it was necessary to make 10,500 awards in order to fill 6,200 scholarships. Candidates may compete for several scholarships but are restricted in the number they can hold concurrently, so some winners decline in order to accept another Regents scholarship. According to the annual report, a study of the 1960 series indicated that one-fourth of the declinations were for this reason, but many more (62 percent) were declined in order to attend colleges outside the state where Regents scholarships cannot be used.

The growth in the New York scholarship and fellowship program in the last twenty years is indicated in Table 3. The development of the scholarship program in New York State is shown by the chronological log [*105*] which follows.

The Development of the New York State Scholarship Program, 1868–1962

1868	128 Cornell University scholarships ($100 annually for four years) established
1895	Cornell University scholarships increased from 128 to 150
1913	750 Regents college scholarships ($100 annually for four years) established
1932	Cornell University scholarship award increased from $100 to $200
1936	40 child of veteran scholarships ($200 annually for four years) established
1944	1,200 war service scholarships ($350 annually for four years) established
1946	Regents college scholarship award increased from $100 to $350
	Child of veteran scholarship award increased from $200 to $450
1947	Regents college scholarships increased from 750 to 827
	Child of veteran scholarships increased from 40 to 100
1949	Regents college scholarships increased from 827 to 1,654
	100 medical-dental scholarships ($750 annually for four years) established

1954	Regents college scholarships increased from 1,654 to 1,694
1955	Regents college scholarships increased from 1,694 to 3,388
	300 basic nursing scholarships ($350 annually for three years) established
1956	500 engineering and science scholarships ($500 annually for four or five years) established
	30 advanced nursing scholarships ($750 for one year) established
1957	Regents college scholarships increased from 3,388 to 5 percent of graduates (4,979 that year)
1958	Regents college scholarship award changed from $350 to $250–$750,* based on need
	Engineering scholarships increased from 500 to 1,000, and award changed from $500 to $300–$850, based on need
	Basic nursing scholarship award changed from $350 to $200–$500, based on need, for three or four years
	Cornell University scholarships changed from 150 to not more than 150, and amount of award changed from $200 to $100–$1,000, based on need
	250 college teaching fellowships (award of $500–$2,500 annually for two years) established
	War service scholarships changed from 1,200 to 300 annually
1960	New war service scholarships discontinued
1961	Regents college scholarships increased to 15,244 annually
	Basic nursing scholarships increased to 600 annually
	Scholar Incentive Awards of $100–$800 annually established, based on level of study and need
1962	Regents college scholarships increased to 16,242 annually
	New engineering and science scholarships discontinued
	Child of veteran scholarships increased from 100 to 500

California [*76*] initiated its scholarship program with 640 awards for the academic year commencing in 1956. In establishing the scholarships, authorization had been granted to add 640 awards each year until 1959–60 when the program would reach the maximum authorization of 2,560. During the first year the scholarships were for $600 at independent

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* Maximum Regents scholarship quoted elsewhere in this source and in [*106*] as $700.

TABLE 3: GROWTH IN THE NEW YORK SCHOLARSHIP AND FELLOWSHIP PROGRAMS, 1940–61

PROGRAM	1940		1945		1950		1955		1961	
	New Awards	Total in Effect	New Awards	Total in Effect	New Awards	Total in Effect	New Awards	Total in Effect	New Awards	Total in Effect
For high school graduates:										
Regents college scholarship	750	3,000	750	3,000	1,654	4,962	3,388	8,390	15,244	32,081
Engineering and science scholarship	....	....	....	....	....	....	....	....	1,000	4,046
Basic nursing scholarship	....	....	....	....	....	....	300	300	600	1,350
Child of veteran scholarship	40	160	40	160	100	400	100	400	100	400
Cornell University scholarship	150	600	150	600	150	600	150	600	56	227
For others:										
War service scholarship	....	....	1,200	2,400	1,200	4,800	1,200	4,800	....	600
Medical–dental scholarship	....	....	....	....	100	200	100	400	100	400
Advanced nursing scholarship	....	....	....	....	....	....	....	....	30	30
College teaching fellowship	....	....	....	....	....	....	....	....	250	500
Total	940	3,760	2,140	6,160	3,204	10,962	5,238	14,890	17,380	39,634
Annual appropriation	$330,000		$1,200,000		$3,750,000		$5,200,000		$15,700,000	

Source: New York State Education Department, *The Encouragement of Talent in the University of the State of New York* (Albany: The Department, 1962).

colleges and in the amount of fees charged in public institutions, usually $150, at one of the University of California campuses.

The 1960 special session of the legislature increased the size of the stipend and changed the award from a flat $600 or tuition and fees to amounts ranging from $300 to $900 at $100 intervals, but in no case in excess of tuition and fees. [*20*] It also increased the number of scholarships by 640 for each of four years until 1965 when the total number of authorized scholarships will reach 5,120. The *Third Biennial Report* [*20*] *of the California State Scholarship Commission* shows that the 3,200 recipients in 1961 attended 60 California institutions. Approximately one-third of the 3,200 were in 18 public institutions and two-thirds were in 42 private institutions. The University of California, Berkeley, led with 486, followed by Stanford (410); University of California, Los Angeles (221); Occidental (216); University of Southern California (213); Pomona (168), and California Institute of Technology (100).

In 1957 Illinois created a scholarship program. New Jersey, Rhode Island, Maryland, and Oregon have also established scholarship programs.

Maryland's scholarship program [77] consists of war orphan, teacher education, and legislative scholarships and the recently enacted General State Tuition scholarships. The latter provide for 152 per year, with a maximum of 608 in effect in any given year. Each has a maximum value of $500, and may be used for tuition only. A state scholarship board selects the winners from lists of eligible candidates established for each county and legislative district of Baltimore City according to relative standing on a competitive examination. Need must be demonstrated. Legislative scholarships, in general apparently awarded by state senators or delegates, are also available at seven nonpublic state colleges, one public junior college, and three public colleges. Most of these are also awarded on the basis of competitive examinations.

The New Jersey State Scholarship Commission may grant awards equal to 5 percent of the total number of high school graduates of the previous year. For the academic year 1962–63, 3,303 new awards were granted, making a total of approximately 9,100 students receiving scholarships under the program in 1962–63. The state scholarships are valued at $400 or the cost of tuition at the college a student attends, whichever is less. Each scholarship is renewable and may be held for a four-year period. Thirty-five percent of the scholarships available in a particular year may be awarded to students attending accredited colleges outside of the State of New Jersey. Eligibility requirements are: (1) New Jersey residency for ten months prior to making application; (2) graduation from high school within a twelve-month period of making application; (3) financial need; (4) satisfactory score on the qualifying examination; (5) high moral character, good citizenship, and dedication to American ideals; (6) intended enrollment as a full-time student in an approved college or university.

Rhode Island state scholarships [*112*] are awarded annually with individual awards ranging from a minimum of $250 to a maximum of $1,000 a year, depending on demonstrated financial need. A unique feature of this program is that the recipient may attend any qualified college in the United States or Canada, public or private, and may pursue any course of study leading to the bachelor's degree within the normal four years. The first two years may be taken in a junior college if desired. Payment is made directly to the college. The number of scholarships to be granted is set at 5 percent of the October enrollment in the graduating class in all Rhode Island secondary schools, both public and private. In one year, 435 scholarship recipients were selected, and 101 honorary awardees were named; 286 of the recipients attended ten institutions in Rhode Island, and 149 attended 77 institutions out of state.

The U.S. Office of Education has in process a study of state programs of financial assistance for students in colleges and universities. A preliminary report [*156*] has been made available. The questionnaire requested detailed information on state-financed scholarships, fellowships, and loan programs: (1) authorized by statute and supported by appropriations which are not a part of institutional student aid programs; and (2) programs of state administrative agencies which enable students to attend institutions of higher education in return for which students are not required to make repayment in money or service. The portion of the preliminary report pertaining to scholarships, fellowships, and grants-in-aid is given in Table 4.

Less detailed data on the above study will also be found in a memorandum prepared by the U.S. Office of Education for the Subcommittee on Education of the Committee on Labor and Public Welfare. State programs of aid were classified in three categories: scholarships to superior students and those enrolled in certain educational programs; grants-in-aid principally to veterans, orphans; and service loan grants, cancel-able by service, awarded to needy students. The memorandum states that for the fiscal year 1958–59, 33 states, the District of Columbia, and Puerto Rico expended $19.5 million to operate 106 assistance programs that aided 55,178 students, or an average of $355 per student aided. Of the total expended, $11.7 million was for scholarships and fellowships. "The programs of the states of California, Florida, Illinois, Maryland, New York, and Virginia account for the scholarship assistance to approximately four-fifths of all state-aided scholars and a corresponding proportion of state scholarship expenditures." [*165*, p. 68]

TABLE 4: STATE-FINANCED AND STATE-ADMINISTERED SCHOLARSHIPS AND GRANTS, FISCAL YEAR 1958–59

Type of Program	Number of States	Number of Programs	Number of Recipients	Total Expenditures
Scholarships and fellowships:				
Superior students	11	15	25,768	$ 9,791,286
Engineering and science students	1	1	1,860	967,135
Nursing students	3	4	1,410	336,565
Medical and dental students	2	2	666	321,100
Teacher education students	4	6	1,770	207,402
Blind and deaf students	3	3	135	63,870
Indian and Eskimo students	4	4	147	40,630
Total	16*	35	31,756	$11,727,988
Grants-in-aid:				
Veterans, war orphans, widows, and wives	23	25	15,840	$ 4,506,203
Other	1	1	169	51,980
Total	24	26	16,009	$ 4,558,183

* Total is not the sum of the number of states, since some states have more than one program.

Source: U.S. Office of Education, "Preliminary Report of State Programs of Financial Assistance for Students in Colleges and Universities" (Dittoed; Washington: The Office).

In addition to the scholarship programs of the more "normal" type is the "Scholarship Incentive Program" enacted by the New York legislature in 1961. This was a new departure in financial assistance to college students. [*106, 164*] Under the program, all state residents who are enrolled in full-time courses in a college in New York State may receive an award of from $100 to $800 a year, depending upon the level of study and upon the financial need. It was estimated that 120,000 persons would be eligible for the awards during the first semester of the program beginning in February 1962 and that the total annual assistance under the program would amount to $26.6 million.

General interest in scholarships as evidenced by recent (1961) action of state legislatures is indicated by the digest of laws [*105*] which follows. Much activity took place prior to 1961, and the list is given only to indicate current, not total, activity of the states. Concentration of activity in certain states will be noted, and the emphasis given to certain fields, such as nursing and teacher training, and to veterans will be obvious.

1961 State Legislation Concerning Scholarships

Alabama:

Library science scholarships—Provides that the Executive Board of the Alabama Public Library Service may award yearly, for a period of two years beginning September 8, 1961, any number of grants or scholarships in the field of library science, the total yearly amount of all such grants not to exceed $5,500.

Arkansas:

Veterans' children—Appropriates $5,000 for the fiscal year ending June 30, 1962, and $5,000 for the fiscal year ending 1963, for education in state-supported higher education institutions of children of veterans provided for in Act 195 of 1947, amended by Act 296 of 1953.

California:

Agricultural scholarships—Amends the law relating to the state agricultural scholarship program to make agricultural majors at junior colleges or four-year colleges eligible for state agricultural scholarships.

Delaware:

Scholarships—Appropriates $50,000 to the University of Delaware for the fiscal year beginning July 1, 1961, for teacher-training scholarships.

Scholarships—Amends existing law relating to scholarships at the University of Delaware to increase the amount appropriated to $50,000 and the number of scholarships to 40.

Florida:

Scholarship plans—Provides for the organization and regulation of nonprofit corporations engaged in promoting educational cooperative scholarship plans; provides for regulation by the comptroller as commissioner of banking; provides for certificates of authority; provides for reports and examinations; levies certain fees and provides exemptions from occupational licenses: prohibits certain activities without authority; authorizes proceedings for enforcement, revocation, or dissolution, and prescribes penalties.

Hawaii:

Scholarships—Amends existing law relating to state scholarships to provide that a maximum of 236 holders of state scholarships be in attendance at the university at any one time, and to provide for distribution of such scholarships.

Illinois:

Scholarships—Amends existing law relating to teacher education scholarships to the teachers colleges to provide additional scholarships.

Scholarships—Amends the law relating to legislative scholarships to authorize the Scholarship Commission to anticipate probable withdrawals in awarding scholarships.

Scholarships—Amends the law relating to scholarships to permit the Scholarship Commission to use funds lapsed through attrition to make additional grants.

Scholarships—Amends the law relating to scholarships to permit giving honorary scholarships to winners who choose out-of-state colleges.

Maryland:

Scholarships—Amends the law relating to senatorial scholarships to provide that Peabody Institute and the University of Maryland are to award the scholarships currently awarded by the state senator from the Third Legislative District of Baltimore City. Includes Prince George's County as eligible for scholarships awarded by state senators to various institutions.

State Scholarship Board—Creates a seven-member State Scholarship Board, appointed by the governor, to administer the scholarship programs of Maryland, as well as the Federal scholarship programs made available to the state. Establishes a general state scholarship program under which the degree-granting institutions whose curriculums are approved by the State Board of Education are eligible. Provides for the inclusion of this program in the state budget beginning with the fiscal year 1962–63.

Scholarships—Repeals and re-enacts with amendments chapter 27 of the Annotated Code to clarify the language with regard to granting scholarships at the University of Maryland and at its state college in Princess Anne.

Scholarships—Amends the existing law to provide for a periodic review by the attorney general of surety bonds given by persons accepting scholarships in education. Also provides for a time limitation of five years, excluding military time, in which the terms of the surety bonds are to be fulfilled.

Scholarships—Amends the code relating to free scholarships to provide for the transfer of a legislative scholarship appointment from one member to another, or from another appointing authority to a member.

Massachusetts:

Scholarships—Authorizes the Bradford Durfee College of Technology and the New Bedford Institute of Technology to grant certain scholarships, to be known as Commonwealth scholarships, to qualified residents. The number of scholarships shall be not more than ten in each of the undergraduate years, and no individual scholarship shall exceed $250 in any year.

Minnesota:

Nursing scholarships—Provides for scholarships for students in accredited schools of nursing. Provides for allocation of scholarships and conditions of award. No student to receive a scholarship of more than $1,000; practical nurse scholarship not to exceed $300.

New Hampshire:

Nursing scholarships—Appropriates $50,000 to carry out existing law providing for a program of scholarship aid to students in nursing. Provides for the cost of administering the program, a sum not to exceed $500 each year to be deducted from the total amount appropriated.

New York:

Scholarships—Amends the law relating to the number of Regents' college scholarships and scholarships for education in engineering and science to increase the number of Regents college scholarships to 17,000, establishes the New York State scholar incentive program, provides for the assessment of tuition by the State University of New York and by the Board of Higher Education of the City of New York.

Nursing scholarships—Amends the education law relating to the Regents scholarships for basic professional education in nursing so as to provide 300 additional scholarships.

Scholarships—Amends the law relating to Regents and state scholarships to provide for a leave of absence not to exceed 24 months to any scholarship holder; requires such holders to meet prescribed citizenship requirement; provides accelerated payments to holder if attending an accelerated program, and enables scholarship certificates to become effective at the time recipient begins a regular college course.

Scholarships—Amends the education law relating to the minimum number of Regents scholarships awarded in counties and to payments to students holding other scholarships or awards to require that no county be allocated fewer than 40 Regents scholarships except Hamilton County which shall be allocated 16.

Oregon:

Scholarship commission—Revises the law relating to the State Scholarship Commission by adding to the functions of the commission.

Scholarships—Amends the law relating to scholarships to be awarded by the State Scholarship Commission and provides for the first time an appropriation to the Scholarship Commission, $160,000, of which $125,000 is available for cash scholarships up to $500 each per year for students in both public and private institutions.

Pennsylvania:

Scholarships—Amends the law relating to the public school system so as to authorize the awarding of 100 additional scholarships, each of the value of $250 per year for four years, to selected students, beginning in September 1962. Of the previously established scholarships one scholarship is to be awarded to each county.

South Dakota:

Indian scholarships—Appropriates $42,000 for the biennium to provide 75 scholarships at state educational institutions of $280 each for persons of at least one-fourth Indian blood.

Tennessee:

Scholarships—Amends existing law relating to scholarships for blind students to provide that recipients may be candidates for any degree offered by the approved school.

Utah:

Scholarships—Amends existing law relating to normal scholarships to list Weber College as a senior college regarding such scholarships.

West Virginia:

Scholarships—Authorizes the Board of Governors to establish scholarships at the schools of medicine and dentistry, the college of law, and the graduate school, entitling the recipients to waiver of enrollment, tuition, registration, and other fees.

Wisconsin:

Indian scholarships—Amends existing law relating to Indian scholarships to make an annual appropriation of $14,000 for such purpose.

Wyoming:

Scholarships—Amends existing law relating to scholarships for prospective teachers in the state institutions of higher learning to establish 300 scholarships of $300 each.

Scholarships—Appropriates $4,500 for 36 additional teacher-training scholarships for the biennium ending June 30, 1961, due to emergency.

Scholarships—Appropriates $75,000 for addition to contingent fund for teacher-training scholarships for biennium ending June 30, 1963, to provide 300 scholarships of $300 each.

State scholarship programs are found only in those states with reasonably high per capita income. States with low per capita income, and where presumably the need would be greatest, have not been as active in the development of such programs.

Agencies, foundations, and nongovernmental sources

By far the largest independent agency awarding scholarships is the National Merit Scholarship Corporation. Its program was established in 1955 by the Ford Foundation and the Carnegie Foundation. [*95*] Its major goals are "to call attention to students of unusual ability and to encourage and assist them to attain a college education." The first group of Merit scholars, 555, entered college in the fall of 1956.

In 1961 some 135 different business organizations sponsored a total of over 525 Merit scholarships at an estimated cost to them of $2.5 million. These were in addition to National Merit Scholarship Corporation scholarships. In 1960–61, Merit scholars were in some 400 different colleges and universities, with one institution alone attracting approximately 10 percent of all Merit scholars.

The selection process is quite rigid. [*95*] On the basis of a qualifying test given to over 574,000 students in 15,400 schools, in 1961–62, a group of about 35,000 students, representing roughly 2 percent of the annual crop of high school graduates, were given recognition. About 10,000 of these were named as semifinalists—substantially less than 1 percent of the high school graduates. And of these, only slightly more than 1,000 Merit scholars were selected.

In 1962–63, about 11,000 semifinalists were selected, and 1,053 (as of August 1962) scholars were appointed. The total for 1956–62 thus became 5,935. Of these, first-year stipends of $100–$250 had been awarded to 2,068 (35 percent); of $300–$1,450 to 2,671 (45 percent); and of $1,500 or more to 1,196 (20 percent). [*98*, p. 7] The total value of all awards "money spent or committed by NMSC and sponsors in awards to Merit scholars and grants to their colleges" is less than $30 million, of which approximately half came from sponsors. Of the 5,935 awards, 3,085 were sponsored National Merit scholarships, and 2,850 were National Merit Corporation scholarships.

The scholarships are allocated among states according to a measure of population, and within states according to ability of students. A recent report gave a table of cut-off test scores and the number of states falling at each score. "If the cut-off score had been the same in New York State as in the average state, the number of New York State winners would have more than doubled." [*172*] Other states would have lost proportionately, of course. A more recent report gives qualifying scores by States. [*98*]

The program has been influential in increasing the public's awareness of and respect for intellectual talent. Although probably not all credit should be given to the National Merit Scholarship Corporation, it is quite obvious that the attitude toward the intellectual high school student has changed in the past few years. A high school "brain" is now respected in most high schools—a marked change from the attitude of only seven or eight years ago.

Despite the influence of the program, the numbers of students and of schools participating, and the amount of money involved, the proportion of the high school population receiving Merit scholarships is very small.

Business and industry as sources

Reports by the National Industrial Conference Board on contributions to education by a sample of corporations made possible an estimate of the total impact of business support for scholarships and fellowships. Of the total, 4.75 percent was given for scholarships and 4.02 percent for fellowships. These percentages were applied [*88*] to the estimated $375 million given by corporations for all purposes in 1960 and produced a figure of $33,750,000 for both scholarships and fellowships. Scholarships alone would be slightly over half of that, or about $17,134,000. As was pointed out, many of these programs are devoted to employees and their children or other dependents. There may also be included in the business and industrial contributions some "scholarships" which are so classified only by applying charity to the definition. For example, a Washington paper [*50*] carried an advertisement of a "$1,500 college scholarship *anyone* can win," with the winner to be chosen at a special prize drawing.

Government agencies as sources

Although the Federal Government is involved in providing financial aid to students, it is not easy to determine the extent to which the funds are for "aid to students" or for "purchase of service." The confusion in this area is not unlike that which exists in relation to contract research. Many people today ask whether funds for contract research should be reported under the heading "aid to education," and some feel that a similar misunderstanding results from blanketing the Federal Government–higher education relationships as aid to education; [71] and that to clarify the issues, we should stop referring to "Federal aid" to higher education. [54] A magazine [118] recently stated that under the definition used by the U.S. Office of Education, research grants contribute to education and are included with educational expenditures but that the National Institutes of Health holds that research grants should not be considered as supporting education and therefore reports only funds designated specifically for training programs. In the same way, questions may be raised about some of the Federal assistance to students.

In 1962 the House of Representatives Committee on Education and Labor [141] issued a directory of federally financed student loans, fellowships, and career training programs in higher education. In general, it confined its listing to programs rather broad in scope and available to comparatively large numbers. Grants to individuals for research were excluded. The report noted that of the nearly 300 programs listed in the survey, only three could be considered as scholarship programs with awards directly to undergraduate college students. Thus, although few Federal scholarships exist for college students at the undergraduate level, the report noted exceptions, such as the traineeships for student nurses awarded by the Public Health Service, the Federal scholarships for Indians, and the scholarships to war orphans awarded by the Veterans Administration.

In 1961 there were 1,585 students in eleven schools of public health. [139] Only 328 were undergraduates (largely public health training for nurses) and of these only 77, or 24 percent, received Federal scholarships. Although the concern here is primarily with undergraduates, actually 52 percent of all students were sponsored by the Federal Government and 6 percent by international agencies or foreign governments. Students received a monthly stipend to cover living and school expenses, and tuition and fees were paid as well.

ROTC programs provide another source of income to students. In 1959 more than 38,000 students in over 300 institutions were participating in these programs. More than 800 students enrolled in schools of dentistry, medicine, or nursing were in special ROTC programs which subsidized professional education. Students enrolled in the advanced courses of the ROTC programs received monthly subsistence stipends. There is also the Navy Holloway Plan which includes about 2,000 new individuals each year. These students receive funds which subsidize a four-year college education at civilian institutions. Upon graduation the students are commissioned in the regular Navy or the Marine Corps and are obligated to serve a stipulated term of duty. In October 1959, 5,510 students were participating in the program. One can question whether the production of officers for the military services is an "aid to education"—which it is not—or an "aid to the military"—which it is. Students in such programs do receive pay—and pay is almost always "aid." However, the Government pays for this training because of the aid it will get; and the student actually or potentially is obligated for service in return for the pay he receives. In view of this obligation for service, the Navy program is not properly considered a scholarship plan, although it does provide compensation ("aid") to the participants.

Veterans have profited by educational assistance both at the Federal and at the state level. In 1947–48 half of the total college enrollment was of students on the GI bill. Even in the fall of 1959, more than 275,000 students were attending colleges and universities with assistance from readjustment training programs authorized by Public Laws 346 and 550 and vocational rehabilitation programs under Public Laws 16 and 894. The status of veterans training programs is shown in Table 5. [*173*]

Another war-related program is the War Orphans Educational Assistance Program. As will be noted from the figures in Table 6 the number of people involved is increasing rather rapidly. Under this program, the Veterans Administration pays up to $110 per month for 36 months for the education of children of servicemen whose death was due to illness or disability incurred while on active duty.

Additional sources

In addition to the above there are many individual contributions and contributions by small organizations such as service clubs or churchrelated groups, and it is impossible to get data on the total value of these. In the aggregate they are probably sizable. At the same time many of them are in very small amounts and probably have little effect on whether students do or do not go to college.

TABLE 5: STATUS OF VETERANS TRAINING PROGRAMS IN INSTITUTIONS OF HIGHER LEARNING, 1944–61

Year*	World War II	Korean Conflict
1944	4,584	....
1945	104,621	....
1946	1,082,036	....
1947	1,235,761	....
1948	1,050,668	....
1949	897,546	....
1950	609,249	....
1951	410,931	13
1952	239,606	36,046
1953	142,942	145,819
1954	81,696	292,669
1955	43,840	417,034
1956	1,711	481,628
1957	773	452,906
1958	402	385,514
1959	272	274,990
1960	31	174,091
1961	119	102,778

* Figures are as of November 30 each year.

Source: Veterans Administration, Administrator of Veterans Affairs, *Annual Report 1962* (Washington: Government Printing Office, 1962).

TABLE 6: COLLEGE ENROLLMENT UNDER THE WAR ORPHANS EDUCATIONAL ASSISTANCE PROGRAM,* 1956–57 THROUGH 1960–61

Year†	Enrollment
1956–57	2,737
1957–58	4,727
1958–59	6,200
1959–60	8,214
1960–61	11,550
1961–62	16,170

* Public Law 634.
† Figures are as of April each year.

Source: Veterans Administration.

Combinations of sources

Although most scholarship holders receive aid from only one source, it is obvious that combinations of scholarship aid are possible for a fair percentage of students. A report [*125*] on college-controlled scholarships in Florida is given on page 10. The study also included noncollege-controlled scholarships, and data on these appear in Table 7.

Although a higher percentage of college-controlled scholarships was held in private institutions than in public institutions, when it came to noncollege-controlled scholarships the situation was reversed: a higher percentage of students held such scholarships in public institutions than in private institutions and in general the mean cash value of the noncollege-controlled scholarships was higher.

TABLE 7: NONCOLLEGE-CONTROLLED SCHOLARSHIPS IN FLORIDA INSTITUTIONS, 1954–55*

Groups of Institutions	Percent of Students Holding Scholarships	Mean Cash Value of Scholarships
White institutions:		
Junior colleges		
Public	7.9	$198
Private	6.1	313
Senior colleges		
Public	11.3	353
Private	9.7	382
Negro institutions:		
Junior colleges		
Public	23.3	158
Private	10.5	262
Senior colleges		
Public	14.9	385
Private	8.0	283

* Applied to the 10 percent of students in this study who held noncollege-controlled scholarships during the school year 1954–55, and includes general state scholarships for the preparation of teachers.

A study [*66*] at Wisconsin showed that of the persons holding scholarships, 9.9 percent had scholarships from two sources. As pointed out earlier (page 9), a U.S. Office of Education study indicated that 229 of 2,421 students (9.5 percent) received awards both from college-controlled funds and from other sources. Other studies have shown a similar small duplication.

A 1957 study [*70*] of high school graduates in Wisconsin indicated the number who had not planned to attend college and estimated the number of graduates whose failure to attend college was based primarily on lack of financial means. The figures reported were about 10 percent of the boys and about 25 percent of the girls. In a subsequent article [*68*] additional information was given about the students in Wisconsin's colleges. These students, in both public and private institutions, were asked if they had a scholarship or award for the current school year (1958);

whether they had to borrow money to attend college; whether they would have to work part time; and, if they had a scholarship, would they have attended if they had not received one. Information was supplied by more than 38,000 undergraduate students enrolled in 45 of Wisconsin's colleges—about 76 percent of the fall term 1958 enrollment. About 19 percent of all students—16 percent of the men and 25 percent of the women—held some type of scholarship or award. There were institutional variations, with the private colleges having the highest percentage. About 38 percent of the awards were for tuition and fees only, and almost 85 percent of the cash awards had values of less than $600. More than half had values of less than $300, and a third had less than $200. Only 10 percent had values of $700 or above. Agencies other than colleges and universities awarded more than 40 percent of the scholarships or awards. Included in this 40 percent were grants from the Veterans Administration, from State Rehabilitation funds, from ROTC programs, and other similar programs. These awards made up about 15 percent of the noncollege grants.

An analysis [*131*] of the sources of scholarship awards to National Merit examinees showed that 54 percent of the primary scholarship awards to examinees in the top third of ability came from colleges and universities, with private institutions contributing 32 percent and public institutions 22 percent. State government agencies were the next largest source of scholarships (13 percent), and business and industrial scholarship programs followed with 7 percent.

A University Committee on Student Economics at the University of Illinois made a study [*168*] of the income and expenditures of approximately 900 students during the second semester of the 1959 academic year. The mean expenditure per single student attending the university during this period was $872. The largest percent of the expenditures (36 percent) came from relatives. Earnings and the reduction of assets followed. However, "scholarships and awards" accounted for 14 percent of the income, or $125, for the semester. Included in this category were "scholarships awarded because of academic performance, financial need, or military service." The amounts available from sources within the university or from without the university were not differentiated; nor was a distinction made in regard to awards which are in the nature of "prizes," or those based on need or service considerations. The study also reports the mean income and sources of funds of the upper quarter and the lower quarter of single students. The average for the lowest quarter was $606; for the highest, $1,237. Those in the lowest quarter had scholarships and awards amounting to $59, or 10 percent, of their income; those in the highest quarter had scholarships and awards amounting to $223, or 18 percent. As has been pointed out, the average for the entire group was $125, or 14 percent. This study shows that a "disproportionately large number of the single students in the upper 25 percent of the expenditures scale were advanced students (juniors, seniors, and graduate students)."

A study [*64*] of the way college expenses were met in 1959–60 reported that, of the mean total expense of $1,550 of unmarried students, $950 was borne by parents, $360 came from students, and about $130 from scholarships. The study covered college students at all levels, and a sample of only 232 students is involved in the figures just quoted. It is interesting to multiply the $130 per single student by the estimated number of full-time single students enrolled as undergraduates to get a "total scholarship awarded" figure (approximately $330,000,000) in 1959–60, but because all levels of education were included in the sample of 232 students such a figure is of doubtful significance in its relationship to the undergraduate. Three-fourths of the students were classified as receiving scholarships in the range "0–$49"; 15 percent in the range "$50–$449"; and 8 percent in the next higher interval "$450–$949." Although any amount of money may be helpful to a needy student, it is doubtful that scholarships of under $50 will make a great difference to very many. It would also be interesting to know how many of these are in the zero classification.

Concentration of scholarships

The concentration of scholarship funds in a relatively limited number of colleges and universities has been noted several times. A survey of National Merit scholars showed 43 percent of the scholarship offers came from only 7 percent of the 532 institutions which offered scholarships to this select group of students. [*58*] In other words, 37 institutions made 43 percent of the offers. The same source refers to [*149*] and points out that the 50 institutions with the largest amount of undergraduate scholarship money comprised only 3 percent of the undergraduate colleges listed, but controlled 34 percent of all scholarship funds offered by the colleges. The same group of colleges received indirectly a major share of student aid from other scholarship sources such as the National Merit Scholarship Corporation. An earlier estimate that half the available funds were concentrated in 50 institutions appears to be reasonably accurate.

As has been reported, [*129*] in 1958 colleges and universities tendered 66 percent of the scholarships offered to near-winners in the National Merit Scholarship Program. This supports an earlier statement that universities were the major source of funds for scholarships. The article also points out that the advent of the National Merit Scholarship Program and the General Motors Program, large as they are, did not change the situation appreciably. Another report [*88*] also concluded that higher institutions were the largest single source of financial aid for graduate and undergraduate students. It stated: "Though many other agencies and organizations, including the Federal and state governments, private corporations, foundations, civic groups, and others, support student aid programs, the sum total of these efforts on behalf of undergraduates does not, though sizable, equal the expenditure by colleges and universities for this purpose." [*88*, p. 17]

Reference has been made earlier to the amount of scholarship funds available at Harvard University. The former chairman of the Harvard Scholarship Committee points out that during the ten years 1950–60 the endowed student aid capital funds grew from $9,989,291 to $26,689,361. [*13*] Thus in one decade the increase was almost double the total reached in the first 315 years of Harvard's history. Despite this fantastic growth, Harvard was offering scholarship assistance to approximately the same percentage of its students (25 percent) at the end of the period as it was ten years earlier. In fact, "it gave to scholarship holders significantly less help in proportion to the total cost of a Harvard education in 1960 than in 1950 and required a much larger self-help contribution from the student. Considerably fewer students were coming to Harvard from the bottom half of the national income scale in 1960 than in 1950." [*13*, p. 96]

The concentration of college and university funds in certain states is apparent in a 1962 Office of Education [*148*] report. Of the $98,159,544 awarded in 1959–60, the three states of New York, Pennsylvania, and Massachusetts accounted for $30,750,913, or almost one-third (31 percent), of the total. The institutions in these states made awards to 55,127 students, or almost one-fifth (19 percent) of the 287,589 students given as the total number aided by scholarships. The mean value of the scholarships awarded by colleges and universities in these three states was $557.82. The population of these three states is 18.5 percent of the total population of the country. They also had approximately 19 percent of all high school students in the country and approximately 18 percent of all high school graduates in 1959–60. In the fall of 1959 they had 16 percent of the first-time enrollment in higher education and 19 percent of the total enrollment, and awarded 20.4 percent of all bachelor's and first professional degrees given in 1959–60. These three states contain approximately 23 percent of all the private colleges and universities and 11 percent of the public institutions listed in the U.S. Office of Education Directory [*145*] and comprise 18.8 percent of all the institutions listed.

The next five states, in order of total funds for scholarships, are Ohio, Illinois, California, Michigan, and Texas. These states awarded $21,752,711. The mean value of the scholarships in these five states was $294.70, with a range from $387.91 for California to $236.15 for Texas. Twenty-three percent of all private and 26 percent of all public colleges and universities are in these five states.

The remaining 42 states awarded $45,653,920 in scholarships, with a mean value of $287.77. For the nation as a whole, the mean was $341.31. The mean value of the individual scholarship in three states was almost double the size of the individual awards in the 42 lowest states. The range of scholarships awarded is given as "from $3 to over $3,000." It must be remembered that these awards were not limited to "undergraduate." The data are shown in Table 8.

The distribution by colleges of awards to National Merit examinees has been noted. [*131*] Although one university (Duke) contributed the largest proportion, this amounted to less than 0.5 percent of the total. Awards given by the 17 private institutions making the largest number of awards collectively amounted to less than 5 percent of the total. However, 3.4 percent of the freshmen awards were from the New York State program; collectively 12 states made 11 percent of all awards, and three states with less than half of the nation's secondary school graduates gave over four-fifths of all scholarships awarded by state agencies. In descending order, the states with the largest number were: New York (26 percent), Illinois (19 percent), California, Pennsylvania, Louisiana, and Wisconsin.

TABLE 8: COLLEGE AND UNIVERSITY SCHOLARSHIPS, ENROLLMENT, AND DEGREES GRANTED; BY STATE, 1959–60

STATE	SCHOLARSHIPS, 1959–60			ENROLLMENT (Opening—Fall 1959)				DEGREES GRANTED, 1959–60 (Bachelor's, First Professional)	
	Number	Total Amount	Mean	First-time	Percent*	Total	Percent*	Number	Percent*
New York	21,381	$12,202,752	$570.72	59,183	7.2	338,716	10.0	37,961	9.6
Pennsylvania	21,189	10,018,138	472.79	41,367	5.0	179,084	5.3	24,850	6.3
Massachusetts	12,557	8,530,023	679.30	33,278	4.0	127,779	3.8	17,893	4.5
Total, first 3	55,127	$30,750,913	$557.82	133,828	16.2	645,579	19.0	80,704	20.4
Ohio	14,629	$ 5,196,910	$355.25	40,979	5.0	164,375	4.8	18,957	4.8
Illinois	19,810	5,147,854	259.86	41,607	5.0	182,721	5.4	19,190	4.9
California	12,599	4,887,313	387.91	108,664	13.1	408,465	12.0	28,506	7.2
Michigan	13,477	3,380,260	250.82	32,848	4.0	152,294	4.5	17,708	4.5
Texas	13,298	3,140,374	236.15	45,420	5.5	179,322	5.3	20,259	5.1
Total, next 5	73,813	$21,752,711	$294.70	269,518	32.6	1,087,177	32.0	104,620	26.5
Total, first 8	128,940	$52,503,624	$407.19	403,346	48.8	1,732,756	50.9	185,324	46.9
Remaining 42 states	158,649	$45,653,920	$287.77	423,623	51.2	1,669,541	49.1	209,565	53.1
Grand total	287,589	$98,157,544	$341.31	826,969	100.0	3,402,297	100.0	394,889	100.0

* May not add to 100 percent because of rounding.

Source: Richard C. Mattingly, *Financial Aid for College Students: Undergraduate*, U. S. Office of Education, FS 5.255:55027 (Washington: Government Printing Office, 1962).

It may be concluded that: (1) a small percentage of colleges and universities controls a substantial proportion of those scholarship funds available from colleges and universities; (2) a few states (but with large total population) provide most of the nondesignated scholarships supported by state funds, and (3) a relatively small number of corporations provide the bulk of scholarships sponsored by business and industry.

3. Loans and employment opportunities

IN THE UNITED STATES it has been customary to consider student loans and jobs available to students as falling appropriately in the "financial aid to students" category. Until the last few years, loans have not played an important part in financial aid. A report for 1955–56 showed a total of 77,107 loans amounting to only $12,463,182. It also pointed out that though loans and employment opportunities were growing in importance, loans were not as popular as employment or scholarships.

Loans

Accurate data on loans are difficult to obtain, and the situation is apt to become increasingly complex as more student loans are obtained from commercial agencies. Student loans, and particularly commercial loans, may have little relationship to scholarship (that is, ability to do college work) and to the financial need of the student, and a more direct relationship to the credit standing of the individual who does the borrowing.

There is even a suggestion that loans based on private credit are not designed for the "talented and needy" alone. The Installment Credit Committee of the American Bankers Association stated [*1*] that "need is not limited to a specific income group, but rather it affects all income brackets." It pointed out that many families with adequate resources to pay the expenses of a higher education "find it prudent to borrow and repay the obligation out of income rather than disturb investments, annuities or other funds."

However, probably the biggest change in recent years in financial aid to the student is loan practices. Much of this change is attributed to the National Defense Education Act, which has provided loan funds for students. The public pressure for borrowing, the attention given to education as an investment on the part of the student—something which enables him to make more money—and the attention loans are receiving by banks as a form of investment, all may contribute to the increased borrowing by students. A shifting emphasis has occurred in the past few years from little use of college loan funds, which required little or no interest, particularly while the student was in college, to the current demand for NDEA loans and for loans from banks and other commercial organizations. In many institutions, loans by the college are still at a very low rate of interest. For example, at Princeton University the interest rate is 1 percent while the student is in school, 4 percent afterwards. At Pomona College loans are noninterest bearing while the student is enrolled, and 3 percent per annum is charged as the interest rate upon graduation or withdrawal.

The use of NDEA funds for loans requires a blending of institutional funds with Federal funds since the institution provides one dollar for nine dollars of Federal funds. Thus institutions are still actively using their loan funds, both alone and in conjunction with Federal activities.

In 1959–60, it was reported [*148*] that 52,322 students borrowed $14,362,182, or an average of $274.49 per loan, from the colleges. At the same time, 115,450 National Defense Student Loans totaled $50,151,908, or an average of $433.97 each. The NDEA Loan Program, of course, was not in effect at the time of the 1955–56 Office of Education study [*149*] when institutional loans were reported for 77,107 students in 1955–56, whereas only 52,000 are reported in 1959–60. (Some of the loans in 1955–56 were to graduate students.) The shifting emphasis from institutional funds to the NDEA as a source of loan funds is quite marked.

Three and one-half percent of the students in the study [*131*] of National Merit examinees held Federal loans and 5 percent held non-Federal loans. The average value of the loans for the freshman year exceeded the average stipend for scholarships and part-time jobs. Among men enrolling in college, the median stipends for Federal loans was $514; for non-Federal loans, $445; for scholarships, $353; and for part-time jobs, $342. For women the stipends were, respectively, $481, $354, $244, and $236.

The concentration of loans. As with scholarships, there is a concentration of loan funds in certain states. Massachusetts, Michigan, and New York account for almost $5 million of the $14 million of institutional loans reported for 1959–60. [*148*] These states are the only ones in which loans above $1 million were made from institutional funds. However, the section of the report dealing with the NDEA lists 15 states in which the total amount loaned exceeded $1 million. In fact, four states—New York, California, Pennsylvania, and Texas—provided NDEA student loans which exceeded the total institutional loans in the aggregate United States. It is clear then that in 1959–60 the primary source of loans, according to reported data, was the NDEA. These low-interest, long-term loans, administered by colleges and universities, now constitute a major source of "support" to college students.

Table 9 shows totals for institutional and for NDEA loans by state. Note that the number of *students* is given for institutional loans and the number of *loans* for the NDEA program. The mean loan to students from institutional funds was $274.79; the mean NDEA loan was $433.97.

The two major ways a student can obtain a loan for continuing his education other than through a Federal or university program are: (1) by securing a loan from a commercial lending institution, the largest block being banks; (2) by obtaining a loan backed by a guaranty organization through the banking system.

Commercial lending institutions. If the student applies for a loan from a commercial lending institution he is treated in the same way as any other applicant for a personal, unsecured loan. He will be required to have a sponsor—his parent or guardian, if he is a minor. The eligibility of the applicant is determined by the credit standing of the sponsor. The scholastic ability or need of the student are private matters and have no bearing on the approval or disapproval of the loan.

If the applicant is over 21, the same credit standards apply. The student becomes the "borrower," and the contract is made legal and binding with his signature. In this case, part-time employment may increase the chances for loan approval.

Repayment of the loan usually begins 30–45 days after initial disbursement of funds to the applicant (or to the college). Repayment terms depend on the amount borrowed and can be extended over as long as eight years. The loans may be negotiated in amounts ranging from a yearly note of approximately $500 to a lump sum of $10,000 or more.

Interest charged on commercial loans must be within the legal limits of the particular state, but can vary, depending on the loan agreement and the type of lending institution. In the Kiplinger study of commercial banks having loan programs for educational expenses "Approximately three-fourths of the banks specified their interest rates but the amounts

TABLE 9: STUDENT LOANS, 1959–60

STATE	INSTITUTIONAL LOANS		NATIONAL DEFENSE STUDENT LOAN PROGRAM	
	Students	Total Loaned	Loans Made	Total Loaned
Alabama	200	$ 50,866	2,053	$ 756,397
Alaska	....	....	28	11,375
Arizona	70	14,100	812	410,302
Arkansas	240	62,722	1,411	512,830
California	2,358	502,920	7,215	3,847,127
Colorado	185	41,646	1,501	780,745
Connecticut	1,360	492,627	1,252	534,515
Delaware	19	3,700	178	44,270
District of Columbia	235	98,817	1,028	591,196
Florida	219	56,975	2,262	798,911
Georgia	512	139,773	2,271	753,575
Hawaii	....	....	23	54,795
Idaho	141	19,300	487	182,277
Illinois	4,090	777,418	5,077	2,420,575
Indiana	1,515	302,487	3,428	1,588,011
Iowa	651	160,562	2,388	1,198,150
Kansas	2,310	397,891	1,961	954,207
Kentucky	389	102,104	2,065	744,040
Louisiana	406	47,123	2,466	1,114,175
Maine	388	80,850	625	257,599
Maryland	239	68,375	1,446	665,662
Massachusetts	4,376	2,390,845	3,978	1,793,651
Michigan	7,796	1,408,490	4,105	1,976,763
Minnesota	1,905	583,626	2,933	1,273,852
Mississippi	98	21,041	2,085	581,545
Missouri	1,599	402,010	3,301	1,370,419
Montana	164	19,560	482	192,832
Nebraska	462	111,255	1,113	509,613
Nevada	....	....	45	31,000
New Hampshire	291	114,142	748	257,842
New Jersey	1,071	379,776	1,853	933,728
New Mexico	11	1,050	559	277,974
New York	2,746	1,134,987	9,926	5,235,216
North Carolina	575	149,570	3,961	1,282,310
North Dakota	291	118,767	600	273,841
Ohio	2,161	587,203	5,095	2,248,885
Oklahoma	1,417	409,888	2,787	1,007,692
Oregon	457	220,246	1,211	599,032
Pennsylvania	1,701	642,123	7,648	3,189,988
Puerto Rico	59	5,684	1,429	392,665
Rhode Island	198	102,363	840	342,954
South Carolina	705	115,855	1,758	609,466
South Dakota	569	128,911	873	297,942
Tennessee	1,206	388,980	2,713	928,938
Texas	4,135	689,715	6,180	2,423,366
Utah	304	99,606	739	318,737
Vermont	432	100,082	609	229,317
Virginia	768	208,440	2,146	837,262
Washington	66	20,436	1,936	849,198
West Virginia	386	73,825	1,129	470,931
Wisconsin	825	311,450	2,557	1,133,975
Wyoming	21	2,000	134	60,240
Total	52,322	$14,362,182	115,450	$50,151,908

Source: Richard C. Mattingly, *Financial Aid for College Students: Undergraduate*, U. S. Office of Education, FS 5.255:55027 (Washington: Government Printing Office, 1962).

and the methods of applying them varied to such an extent that this information was of little value in comparing actual costs." [*30*, p. 9] A variety of formulas are used to arrive at the interest charged; some banks charge annual simple interest, others discount the original note at a certain rate, and still others use a monthly charge on the outstanding balance or on the funds in use. Interest rates for commercial loans reflect two major factors: the weight given to educational loans as a public service by the lending institution and the opportunity costs incurred (income lost) by the lending institution.

Most loan agreements incorporate an insurance clause covering the borrower's life and/or health. The cost of this insurance in some cases is absorbed by the bank and in some cases is passed on (usually in the form of additional interest) to the borrower. These loans are not "aid"; they are commercial transactions, like car loans, based on profit. [*29*] Some examples of commercial programs available for student loans may be found in *Commercial Loans for College*. [*30*]

Guaranty loan plans. Student loan guaranty organizations can be public or private in nature, and state-wide or national in scope. Public guaranty organizations, such as the New York Higher Education Assistance Corporation, maintain a reserve balance appropriated from state funds. Private organizations build their reserves from money contributed by business, industry, and foundations. One private guaranty organization, the United Student Aid Fund, Incorporated, is national in scope. Although its headquarters are in Indianapolis, it will guarantee bank loans made to students in 24 states, according to a release of September 1962. Its reserve fund is obtained from state governments, private industry, and the colleges and universities.

In general, guaranty organizations act as "backers" to the student applicant in place of a sponsor. The student is the borrower, whether or not he has reached his majority. This is made possible by the existence of special state laws enacted specifically to enable these organizations to function. The amount of funds held in reserve varies from 6 percent to 10 percent of the total loans outstanding. From 80 percent to 100 percent of the individual loan is normally guaranteed by these organizations. The commercial bank is again the instrument used for putting the money into the student's hands (or into the university's, if so requested by the borrower). The magnitude of operations of these organizations varies and is determined by such factors as length of time in existence, college-age population in a particular area, and support available. For example, the Massachusetts Higher Education Assistance Corporation, a private organization and the first state-wide plan in the United States, has loaned approximately $6 million to nearly 13,000 students since its inception in 1956. During this time only 56 borrowers have defaulted, totaling slightly more than $24,000. [*78*] The New Jersey Higher Education Assistance Authority, in existence since September 1960, has approximately $600,000 in loans outstanding to over 1,000 students. Only one default (as a result of death) has been recorded during this span. [*102*]

The student initiates application for this type of loan through a local bank that participates in the organization's program. The application is then checked and approved by the bank and the organization and by the student's choice of institution. Less emphasis is placed on the borrower as a credit risk. His character, financial need, and ability to perform at the college level help determine his eligibility. Principal and interest payments need not be made until four to six months *after* graduation. If the borrower cannot pay the balance at the time the loan matures, a renewal note may be signed. Interest is charged on both notes and ranges from 3 percent to 6 percent per annum each time. Many organizations state that interest charges should be limited to one-half of one percent in excess of the prime rate, that is, the prevailing rate on unsecured bank loans in the area at the time the loan is made. In addition, minimum and maximum chargeable rates (generally 3.5 percent to 5.5 percent) are usually specified. Other guaranty-loan contracts allow up to 6 percent simple interest charges.

Amounts up to $7,500 can be borrowed from the banks participating in certain guaranty programs. The organization-type loan generally is not as large as the direct commercial loan. Delaying the repayment of principal and interest until the student leaves college has some advantages over the commercial loan, as does allowing the student to act directly as borrower.

The virtual necessity of signing a renewal note and thereby increasing the cost of the guaranty loan to the borrower, however, diminishes the value of these attractions. Unless the student borrower is prepared to repay the original loan and interest upon graduation, the signing of a renewal note may substantially increase the total interest paid. For example, the cost of a commercial bank loan of $4,000 to be repaid over 72 months (with repayments beginning almost immediately) can run from $440 to $960, with the average probably around $630. A guaranty loan obtained through a representative organization for this amount, borrowed at 6 percent on four annual $1,000 notes, would cost approximately the same if paid at the time of graduation. [29] But, if at maturity these notes are consolidated and renewed at the same rates, the total interest cost on both original and renewal notes to the borrower would be approximately $1,520 if the term of the renewal note is 36 months, or $2,363 if repaid over 72 months. This last figure represents 59 percent of the original loan.

A list of most of the state guaranty organizations currently in existence (this list is expanding rapidly) and a brief description of their loan plans appear in Table 10. (See pages 46–49.)

The actions by state legislatures in 1961 on loans are reported below:

1961 State Legislation Concerning Loans

Arkansas:

Student Loan Board—Establishes an Arkansas Student Loan Board consisting of five members to be appointed by the governor for a five-year term, with the Commissioner of Education serving ex officio. Prescribes the powers, functions, duties of the board. Creates and establishes in the state treasury a Student Loan Fund to which all the assets, both cash and securities, of the Arkansas Industrial Development Fund are to be transferred. Appropriates $300,000 for the use of the board in making loans to qualifying students.

Florida:

Optometric scholarship loans—Provides scholarships to be administered by the State Board of Optometry for optometric education; prescribes eligibility requirements, awarding of scholarships, method of repayment; provides for designation of communities needing practicing optometrists; authorizes State Board of Optometry to make rules and regulations, and appropriates $15,000 for such purpose.

Nursing scholarship loans—Amends the law relating to the State Scholarship Loan Program for Nursing Education to provide as follows: (*a*) ninety $300 nursing scholarships for three years to students at approved diploma schools or junior colleges in the state; (*b*) one hundred twenty $500 scholarships for four years at approved basic collegiate schools of nursing in the state; (*c*) a sum of $11,000 in scholarship funds for additional nursing education or nursing administration to be awarded to licensed state resident professional nurses. The amount of the scholarship is $1,000 for one year, renewable for a second year.

Scholarship loans—Amends the law relating to education to remove inconsistencies, redundancies, and unnecessary repetitions and otherwise improve the clarity of allocating scholarship loans, the method of awarding, and eligibility.

Illinois:

Student loans—Creates an Illinois Higher Education Assistance Corporation to guarantee loans up to $1,000 per year to state residents planning to attend college in this or another state.

Maine:

Student loans—Amends Chapter 119, Sec. 2, relating to contracts of minors in furthering their higher education to provide that minors over 16 years of age may sign notes or other documents for the purpose of obtaining an education.

New Hampshire:

Student loans—Amends existing law relating to loans to students to provide for the powers and obligations of minors who contract for educational loans. Provides that they be subject to the obligations of persons of full age with respect to any such contracts.

New York:

Student loans—Amends the laws relating to the New York Higher Education Assistance Corporation by increasing the maximum loan for any school year to $1,500 and the maximum total loan to any one person to $7,500; provides for payment of interest not to exceed 6 percent per annum; makes part-time students eligible for loans; makes eligible post-secondary institutions as well as colleges; and enables a savings and loan association, a credit union, a retirement system, or employee welfare fund to make such loans.

Student loans—Amends the education law to extend waiver of infancy protection to accredited higher education institutions outside the state for loans and extensions of credit to students.

Ohio:

Student loans—Establishes an Ohio Higher Education Assistance Commission consisting of nine members appointed by the governor; authorizes the commission to guarantee up to 80 percent of the unpaid balance and interest on student loans; sets a maximum interest charge of 5.5 percent on guaranteed loans. Specifies powers and duties of such commission.

Oregon:

Student loans—Establishes a Higher Education Student Loan Fund consisting of moneys available for student loans under the terms established by the National Defense Education Act of 1958. Appropriates

$150,000 to provide the required matching funds for state institutions of higher learning to be used in obtaining the 90 percent NDEA loan funds.

South Dakota:

Federal funds—Appropriates $50,000 to the Board of Regents to be used for matching funds that may be allocated to the state under the National Defense Education Act of 1958 and which will be allocated to the state-supported institutions of higher learning in accordance with their needs and which will be used for student loans.

Tennessee:

Student loans—Authorizes proper official of any state or private college or university to accept note or contract of student applying for loan or aid, such note or contract to be valid and enforceable in court, and such student to be without recourse to plead minority in court.

Wisconsin:

Student loans—Makes a biennial appropriation of $100,000 for loans to needy students, beginning July 1, 1961. Provides for use of moneys repaid on such loans.

This report covers only 1961; earlier legislative action is not given. The intent is not to report on what the states have done, but only what they did in 1961. The brevity of the summaries may not adequately convey the significance of the action. Thus New York provides for payment of interest not to exceed 6 percent per annum which actually relieves the student of paying interest on his loan while he is a student and limits interest payments thereafter to 3 percent, with the Higher Education Assistance Corporation paying the difference up to 6 percent. [*104*]

The importance of loans as a form of financial aid, and the difficulty of isolating the various components, was shown by a report [*88*] on 3,167 Ivy League college offers in 1960. Some may have represented multiple offers. "However, only 25 percent of the total offers of aid were single offers (scholarship, job, or loan); of this total, 22 percent were scholarships only. In other words, 75 percent of the offers consisted of some combination of financial aid—scholarships and loans, scholarships and jobs, jobs and loans, or all three. As an aside, the importance of loans is possible to note; 62 percent of the total number of awards contained a loan offer with some other aid form." [*88*, p. 9]

A summary [*88*] of student financial aid in the United States in 1960–61 appears in Table 11 (pages 50–51). This table illustrates the complex problem of isolating funds available to undergraduates, both exclusively and in meaningful combination, and at the same time puts the scholarship funds available only to undergraduates in better perspective. Although the total amount of "aid" is given as $676,347,000, it will be noted that, when scholarship funds from the colleges and universities are omitted from consideration, only one listing—$250,000 by the Bureau of Indian Affairs—is exclusively for undergraduate scholarships. Obviously many of the other funds are open to undergraduates; but the funds are also available to graduate students and other people.

Employment opportunities

It has been customary in the United States to consider jobs available to students in the "aid to student" category. Whether or not this is truly "aid" might be debatable in some cases. From the standpoint of data, only aid under the control of the college or university generally is reported. A job of washing dishes in a college cafeteria is aid; a job of washing dishes in a commercial cafeteria across the street is a job. The latter would not be included in any data as aid to students. Actually, the latter might provide more "aid" if the wages were higher than in the college cafeteria. Data seem to relate more to control of "aid" than to amount of work done or remuneration received.

The previously mentioned confusion that exists in the area of contract research may well apply in the area of student employment. It is possible that some jobs now classified as aid to students might equally be classified as aids to the institution. Data are further confused because some jobs are called "work scholarships" when, in fact, they are straight jobs. Presumably employment opportunities are included under the heading of aid to students because some colleges maintain placement offices to help students get part-time jobs, and, in many cases, the institution limits the amount of work that may be done by a student in a given period of time.

Data for 1955–56 show that employment opportunities numbered 288,479 and that $65,931,915 was involved. [*149*] In 1959–60, 341,381 students were employed and $98,491,619 were involved, or a mean of $288.51 per employed student. [*148*] Thus more students were employed by institutions of higher education than were granted scholarships.

Of the sample of students who were residents of Wisconsin [*66*] a higher proportion worked than did nonresidents. Of the resident students,

(*Text continues on page 52.*)

TABLE 10: SUMMARY OF INFORMATION AVAILABLE ON STATE GUARANTY LOAN PLANS, 1962

STATE AND ORGANIZATION	APPLICANTS	AMOUNT OF LOAN*		REPAYMENT		INTEREST RATE		SECURITY
		Annual	Total	Start	Maximum Term	Original Note	Renewal	
Connecticut: Higher Education Assistance Corporation	Residents who have completed fresh. year (grads. may participate)	$1,000	$3,000	5 mos. after grad.	36 mos.	6% max. simple interest	6% max. simple interest	Student sign.
Indiana: United Student Aid Funds, Inc. (U.S.A.F.)	Residents who have completed fresh. year (grads. may participate)	$1,000	$3,000	4 mos. after grad.	36 mos.	6% max. simple interest (3% smpl. int. pd., 3% on an "add on basis")	6% max. simple interest	Student sign.
Kansas: (beginning under auspices of U.S.A.F. and Kans. Bankers Assoc.)	Residents who have completed fresh. year (grads. may participate)	$1,000	$3,000	4 mos. after grad.	36 mos.	6% max. simple interest	6% max. simple interest	Student sign.
Maine: New England Higher Education Assistance Foundation	Residents of Me.; upper classmen and grad. students	$500	$1,500	6 mos. after grad.	36 mos.	4½% simple interest	$4.50 per $100 per year discounted	Student sign.
Massachusetts: Higher Education Assistance Corporation	Residents of Mass.; upper classmen and grad. students	$500	$1,500	6 mos. after grad.	36 mos.	Prime and ½% (min.—3½%, max.—5½%)	$4.50 per $100 per year discounted	Student sign.

TABLE 10—*Continued*

STATE AND ORGANIZATION	APPLICANTS	AMOUNT OF LOAN		REPAYMENT		INTEREST RATE		SECURITY
		Annual	Total	Start	Maximum Term	Original Note	Renewal	
Michigan: Higher Education Assistance Authority	Residents of Mich.; *all* undergrad. and grad. students	1st —$500 2d — 650 3d — 800 4th— 950 5th—1,100	$4,000	6 mos. after grad.	60 mos.	5% per annum	5% per annum	Student sign., parent or guard., if under 21
Minnesota: (beginning under auspices of U.S.A.F. and Minn. Bankers Assoc.)	Residents who have completed fresh. year (grads. may participate)	$1,000	$3,000	4 mos. after grad.	36 mos.	6% max. simple interest	6% max. simple interest	Student sign.
Missouri: U.S.A.F. sponsored by Mo. Bankers Assoc.	Residents who have completed fresh. year (grads. may participate)	$1,000	$3,000	4 mos. after grad.	36 mos.	6% max. simple interest	6% max. simple interest	Student sign.
Nebraska: (Neb. Bankers Association working with U.S.A.F.)	Residents who have completed fresh. year (grads. may participate)	$1,000	$3,000	4 mos. after grad.	36 mos.	6% max. simple interest	6% max. simple interest	Student sign.
Nevada: (beginning under auspices of U.S.A.F. and First Nat. Bank of Nev.)	Residents who have completed fresh. year (grads. may participate)	$1,000	$3,000	4 mos. after grad.	36 mos.	6% max. simple interest	6% max. simple interest	Student sign.

TABLE 10—*Continued*

STATE AND ORGANIZATION	APPLICANTS	AMOUNT OF LOAN		REPAYMENT		INTEREST RATE		SECURITY
		Annual	Total	Start	Maximum Term	Original Note	Renewal	
New Jersey: New Jersey Higher Education Assistance Authority	Residents for 6 mos., over 18 years old	1st —$ 500 2d — 750 3d — 750 4th—1,000 5th—1,000	$5,000	3 mos. after grad.	72 mos.	4% recommended	5% max. simple interest	Student sign.
New York: Higher Education Assistance Corporation	Residents of N.Y.; *all* undergrad. and grad. students	$500 to $1,500	$7,500	Approx. 30 days after grad.	72 mos.	6% simple interest	6% max. simple interest (3% assumed by NYHEAC)	Student sign.
Ohio: Higher Education Assistance Commission	Residents of Ohio; *all* undergrad. and grad. students	1st —$ 500 2d — 750 3d — 750 4th—1,000 5th—1,000 grad.—1,000	$5,000	4–6 mos. after grad. or dropout	72 mos.	5½% max. simple interest	5½% max. simple interest (5½% of unpaid balance)	Student sign.
Rhode Island: Higher Education Assistance Corporation	Residents of R.I.; *all* undergrad. and grad. students	1st —$ 500 2d — 750 3d — 750 4th—1,000 grad.—1,000	$3,000	6 mos. after grad.	72 mos.	Prime and ½% (min.—3½%, max.—5½%)	$4.50 per $100 per year (charges)	Student sign.
South Carolina: (beginning under auspices of U.S.A.F. and S.C. Bankers Assoc.)	Residents who have completed fresh. year (grads. may participate)	$1,000	$3,000	4 mos. after grad.	36 mos.	6% max. simple interest	6% max. simple interest	Student sign.

TABLE 10—*Continued*

STATE AND ORGANIZATION	APPLICANTS	AMOUNT OF LOAN		REPAYMENT		INTEREST RATE		SECURITY
		Annual	Total	Start	Maximum Term	Original Note	Renewal	
South Dakota: (beginning under auspices of U.S.A.F. and S.D. Bankers Assoc.)	Residents who have completed fresh. year (grads. may participate)	$1,000	$3,000	4 mos. after grad.	36 mos.	6% max. simple interest	6% max. simple interest	Student sign.
Virginia: State Education Assistance Authority	Residents of Va.; *all* undergrad. and grad. students	$750	$3,000	6 mos. after grad.	48 mos.	4½% simple interest	5%	Student sign.
Wisconsin: Wisconsin Bankers Association Educational Foundation	Juniors, seniors, and higher, in banking economics or related subjects (others by special permission)	$500	Yearly basis only	First day of second Jan. after yr. loan was negotiated	None given, stipulates at least 10 mo.	3% per year	3% per year	Student sign. and approval of school
Wyoming: Higher Education Loan Fund	Residents of Wyo. who have completed ½ yr. of college	$500	$2,000	6 mos. after grad.	48 mos.	Bank rate and 1%, max.—6%	6% per year	Student sign., parents must acknowl. if under 21

TABLE 11: STUDENT FINANCIAL AID IN THE UNITED STATES, ADMINISTRATION AND RESOURCES, 1960–61

Program and Source	Type of Aid	Number Aided	Dollars (Thousands)	Primarily For	Administered Primarily By
Grand total		**1,525,935**	**676,347**		
2,000 colleges and universities (institutional funds): Total		**707,846**	**232,590**		
	Scholarship	288,521*	98,000*	Undergraduate	Institutions
	Loan	56,432*	14,800*	Undergraduate	Institutions
	Employment	347,678*	98,900*	Undergraduate	Institutions
	Fellowship	15,215	20,890	Graduate	Institutions
Federal Government: Total		**380,132**	**306,309**		
Veterans benefits	Subsistence	50,845*	73,659*	Combined	VA
National Defense Education Act					
Loans	Loan	151,000	73,000	Combined	Institutions
Defense fellowships	Fellowship	2,500	5,772	Graduate	Institutions
Language fellowships	Fellowship	427	1,675	Graduate	OE
Guidance institutions	Subsistence	3,710	3,960	Institutes (grad.)	Institutions
Language traineeships	Subsistence	2,130	2,406	Institutes (grad.)	Institutions
National Institutes of Health					
Fellowship programs	Fellowship	4,205	19,835	Graduate	NIH
Direct traineeships	Subsistence	8,299*	3,052*	Graduate	NIH
Training grants	Subsistence	8,000*	10,000*	Graduate	Institutions
Nurse traineeships	Subsistence	2,000*	6,525	Graduate	Institutions
Atomic Energy Commission					
8 fellowship programs	Fellowship	353	990	Graduate	Institutions
National Science Foundation					
Graduate	Fellowship	1,537	4,300	Graduate	NSF
Postdoctoral	Fellowship	235	1,300	Graduate	NSF
Senior postdoctoral	Fellowship	91	1,000	Graduate	NSF
Science faculty	Fellowship	285	2,400	Graduate	NSF
Cooperative graduate	Fellowship	1,100	3,600	Graduate	Institutions
Teaching assistance	Fellowship	625	600	Graduate	NSF
Secondary school teachers	Fellowship	324	800	Graduate	NSF
Institutes	Subsistence	31,000	24,000	Institutes	Institutions

TABLE 11—*Continued*

Program and Source	Type of Aid	Number Aided	Dollars (Thousands)	Primarily For	Administered Primarily By
Others					
Office of Vocational Rehab.	Fellowship	1,586	3,010	Graduate	Dept. HEW
Government research	Assistantship	40,000	40,000	Graduate	Institutions
ROTC	Scholarship	27,000	11,450	Undergraduate	Military Service
Defense Dept. employees	Scholarship	41,296*	11,553	Combined	Defense Dept.
Federal Aviation Agency	Scholarship	305*	34*	Combined	FAA
Coast Guard	Scholarship	250*	95*	Combined	Coast Guard
Mental rehabilitation	Fellowship	175*	1,000	Graduate	Dept. HEW
National Bur. of Standards	Fellowship	231*	43*	Graduate	Bureau
Bureau of Indian Affairs	Scholarship	623	250	Undergraduate	Dept. of Interior
State programs: Total		**210,219**	**51,630**		
Scholarships, fellowships	Scholarship-Fellowship	53,711	22,789	Combined	States
Grants-in-aid	Grant	16,009	4,558	Undergraduate	States
Service loans	Loan	7,413	3,283	Undergraduate	States
Guaranty and other loans	Loan	13,086	8,000	Undergraduate	States and banks
Scholar Incentive (N. Y. State)	Scholarship	120,000	13,000	Combined	State
International exchange: Total		**27,738**	**45,818**		
Foreign nationals	Combination	24,738	40,818	Combined	Institutions
Americans abroad	Combination	3,000	5,000	Combined	Federal Gov't, private groups
Corporations and others: Total	Combination	**200,000**	**40,000**	Combined	Institutions and organizations

* 1959–60 data.

Source: Rexford G. Moon, "Student Financial Aid in the United States: Administration and Resources," a report prepared for the Economist Intelligence Unit, London, and the International Study on College Admissions, Unesco, Paris (Mimeographed; New York: 1962).

45.7 percent of the men and 42.2 percent of the women worked. Percentages for nonresident students were 34.7 and 20.9. The median number of hours per week worked by single undergraduate students was 10.3 for men and 11.4 for women. The median pay for single undergraduate men was $1.08 per hour and $1.06 per hour for women. As might be expected, the number of hours per week increased as the students progressed toward senior standing.

At the University of Illinois [*168*] a fairly high degree of student employment was also found. During the survey semester, 48 percent of the single men and 36 percent of the single women received some income from employment. The average earnings were $287 for men and $188 for women. Lowest quartile expenditures of single students were reported as $606, average expenditures were $872, and upper quartile expenditures were $1,237. Lowest quartile earnings were $92, or 15 percent of total income. At this level, the economic status of the student is not a happy one. At Illinois, 69 percent of the married men had income from employment during the semester and 59 percent of the wives had earned income. The wives who were employed during the semester averaged $744 income; the husbands, $619. Many of the married students were older, and many were graduate students. (The value of the "blonde scholarship" is offset by the fact that average expenditures for married students were $1,734, whereas they were only $872 for single ones.)

It is apparent that the working student is not a rarity on the college campus. Work weeks of ten hours may not seem long, but they are one-fourth of the normal work week of a man employed full time. The ten hours are, in most cases, in addition to the requirements of full-time academic work. Many, of course, work more than ten hours, which is taken as the average. One can only speculate on the advantage of assigning this "more than ten hours per week" to the task of learning instead of earning.

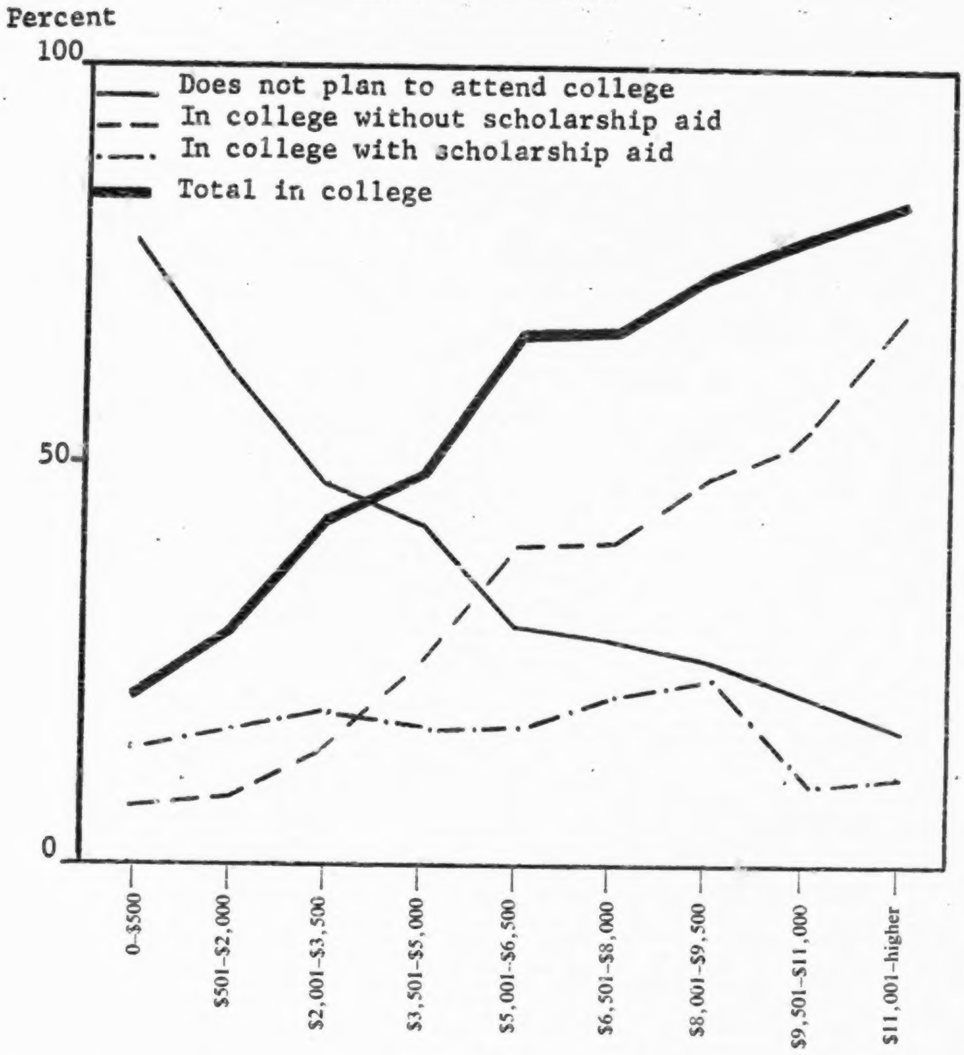
4. Who asks for and who gets aid?

IN VERY GENERAL TERMS, it is reasonably safe to state that the available financial aids go to the socially and economically favored segment of the population. This is true because college students come from families who are average or above in economic status, social status, and education. No attempt will be made to document the existence of the general relationships implied, for they have been indicated over and over in the literature on college attendance.

A few examples may help clarify the point, however. Figure 1 shows clearly the relationship between college attendance and economic status in New Mexico. A report of an analysis of need at a Midwestern university contains these statements: "And 42 percent of the parents reported incomes greater than $10,000. . . . From our computations we determined that an income exceeding $12,000 is necessary to support a student on our $1,950 budget." [*40*] It will be recalled that the mean cost for attendance of single undergraduate students at the University of Wisconsin was $1,462 for resident men and $1,529 for resident women. At the University of Illinois, the mean expenditure, second semester 1959, per single student was $872—and roughly twice that would be required for the year. In 1960, 42 percent of the families in the U.S. had incomes of under $5,000 per year. It seems obvious that students from this 42 percent bracket are not attending college in large numbers and that, therefore, financial aid—indeed, higher education—is largely for those already socially and economically favored. There are many exceptions, but data suggest that lower socioeconomic groups do not apply either for college or for aid as frequently as do higher socioeconomic groups.

However, generalizations are inadequate for our purposes. More precise information is needed about the recipients of scholarships and of loans as well as of job opportunities. Even job opportunities will go to the more favored, especially when the general data include graduate work.

Fig. 1.—Dependence of College Attendance on Family Income in New Mexico



Source: Sherman E. Smith *et al.*, *Are Scholarships the Answer?* (Albuquerque: University of New Mexico Press, 1960), pp. 53, 55.

Who gets the scholarships?

Students coming from the higher socioeconomic groups are more frequently awarded scholarships than are students from lower classes, whether or not financial need is a criterion. This may be because the former prefer to attend more expensive name colleges and the latter are content with colleges less well known and less expensive. [*58*] The report quotes an earlier one that "only 18 percent of the scholarship holders at Harvard come from families with incomes below $4,000," a statement of 1957, and asserts that at no College Scholarship Service college do as many as half of the scholarship winners come from the neediest half of the population. In 1954–55 the income of the parents of male applicants applying through the College Scholarship Service averaged about $6,800 per year; for female applicants the average was about $7,000. [*86*] Average family income after Federal taxes in 1954 was $4,840.

The Office of Education 1957 study [*142*] reported that students from the "under $5,000" family income group received a larger percentage of scholarship awards than students from higher income groups, but that as the size of the stipend from college-controlled scholarships increased, the percentage of students from the "under $5,000" family income group decreased. The larger stipends, then, went more frequently to students from the higher family income bracket. One should not conclude from this that in a given college the larger stipends go to students from families with larger income; rather, institutions that provide the larger scholarship stipends generally are those attended more frequently by students from families in higher income groups. These institutions also tend to be the more expensive ones.

An unpublished study reported on the median income of aid-students and non-aid-students in a university. The median family income of the non-aid-students was $9,971. The median family income of the students receiving aid was $7,681. In this connection, it might be pointed out that this median family income is in excess of the mean salary of associate professors in the United States.

An analysis [*80*] of the factors affecting financial aid offers and awards among over 19,000 who completed the College Scholarship Service Parents' Confidential Statement reported some general characteristics: ratio of men to women was approximately two to one; over half of the applications were to men's colleges; slightly over half of all applications came from the business-executive, administrative, and supervisory groups, with the administrative group accounting for about 30 percent of the applications; and about 32 percent of the applications by men and 38 percent by women resulted in offers. However, parental occupation did not seem to be related to the proportion of applications resulting in offers nor to the size of the offer, possibly because incomes no longer markedly differ among the occupational groups considered.

The expense level of the college did seem related to the size of the offer, with the most expensive college offering the largest amount. Over half of the applicants' families had incomes of $3,000–$7,000, with one in seven above $10,000 and less than one in ten with incomes under $3,000. A somewhat surprising finding was that the distribution of offers over the income brackets fairly closely followed those for the applications, with roughly 10 percent of the offers going to applicants with reported family incomes of $10,000 or more.

Another study [*24*] of the Parents' Confidential Statements (PCS) submitted to the College Scholarship Service was concerned with the behavior of those for whom undergraduate education was a current expense. The picture of the questionnaire respondents and, presumably of the PCS-completing families as well, was that of a family with a comfortable income level, although rarely more than that. Most of the first colleges attended by the students were private colleges; but transfers chose public institutions. Over-all, the parents furnished slightly more than half the money used by the students for college; a little over 20 percent came from scholarships and from students' savings and earnings. The general picture is not one of skimping on essentials, although this apparently does occur. College expenses prevent the accumulation of assets. Money for college comes very largely from that part of the income that remains after basic necessities are provided for. In reading the report one feels that "needy families" do not comprise the sample of the study.

A study [*11*] of the financial resources of students at public institutions in Iowa reported that the "coefficients of correlation between parents' income and the degrees of family assistance and student self help are .97 and —.93." Table 12 gives the percent of students' estimated college expenses that come from various sources, broken down according to family income and occupational status of the father.

A scholarship program in New Mexico was designed to get students into college who would not be able to go without scholarship help. At the same time studies [*121*] were carried on to determine the factors which influenced college attendance and the characteristics of the families of those who attended and those who did not attend college. The higher educational status of the group in relation to family income is given in Table 13. The relationship between family income and planning to attend college later or not planning to attend college later is interest-

TABLE 12: SOURCES OF ESTIMATED EXPENSES OF IOWA COLLEGE STUDENTS, BY PERCENT, FALL 1958*

Group	Parents or Guardian	Other Relatives	Benefactors Who Are Not Relatives	Student Earnings/ Savings	Education Endowment Policy	Scholar-ships	Loans	Veteran Benefits	Other Resources
Family income for 1957:									
Under $1,000	22.4	3.8	....	41.4	....	4.6	3.6	24.0	....
$1,000–$1,999	24.8	3.1	....	44.0	....	5.1	6.9	14.7	1.2
$2,000–$2,999	27.0	0.7	0.4	44.0	0.4	5.1	7.1	14.1	1.1
$3,000–$3,999	32.8	1.7	....	38.4	....	6.1	11.3	9.1	0.5
$4,000–$4,999	37.4	1.6	....	43.3	0.5	4.8	4.5	7.2	0.7
$5,000–$5,999	41.4	0.8	0.1	40.2	0.6	4.6	3.5	7.5	1.0
$6,000–$7,499	48.5	0.2	0.1	34.5	0.1	3.6	2.6	8.8	1.1
$7,500–$9,999	56.3	0.5	0.2	31.6	1.3	2.2	2.4	4.4	0.7
$10,000–$14,999	66.5	1.2	....	26.1	1.0	1.3	1.8	1.3	0.7
$15,000–$19,999	73.3	0.1	....	16.9	....	0.8	....	8.7	....
$20,000 and over	69.7	8.9	0.1	20.8	....	....	0.1	....	....
Father's occupational status:									
Unskilled (day laborers, miners, etc.)	25.1	....	....	37.6	....	2.2	5.7	23.6	5.7
Semi-skilled (farm laborers, truckers, watchmen, etc.)	30.5	2.5	....	41.6	....	5.7	8.8	10.4	0.4
Skilled (craftsmen, resident farm workers, etc.)	34.3	2.0	0.1	41.2	0.6	3.3	7.2	10.5	0.8
Subprofessional, minor managerial, clerical, small farm owners	41.9	1.2	0.1	39.2	0.3	3.3	5.0	7.7	0.9
Minor officials, merchants, contractors, etc.	49.9	0.6	....	35.2	0.7	4.7	4.4	3.7	0.7
Professional, major managerial, large farm owners, large business owners	63.2	0.8	0.1	29.1	0.1	2.5	0.7	3.3	....

* May not add to 100 percent because of rounding.

Source: Adapted from Clifford M. Baumback, "A Study of the Financial Resources of Students at Public Institutions of Higher Education in Iowa" (Multilithed; Iowa City: Bureau of Business and Economic Research, State University of Iowa, 1959).

ing. These data are shown graphically in Figure 1, page 54. The students included in this survey had graduated from high schools in 1952. Family incomes are considerably higher today than they were in 1952, but even at that time, over 10 percent of the children who were in college and who came from families with incomes of over $9,500 a year held scholarships. In the range from $8,001 to $9,500 almost one-fourth held scholarships. When the group not planning to attend college was surveyed, the reasons "needed at home to complete family income" or "financially unable to attend college" came almost entirely from families with incomes of less than $5,000 per year and more than half in these categories had annual family incomes of less than $2,000 per year.

TABLE 13: Higher Educational Status of a Survey Group in New Mexico in Relation to Family Income

Annual Family Income	Number of Students, by Family Income	Percent in College with Scholarship Aid	Percent in College without Scholarship Aid	Percent in College Part Time	Percent Planning To Attend College Later	Percent Not Planning To Attend College Later
0–$500.............	14	14.3	7.1	0	0	78.6
$501–$2,000........	122	17.2	8.2	3.3	9.8	61.5
$2,001–$3,500.......	296	18.6	14.2	10.1	9.5	47.6
$3,501–$5,000.......	346	16.8	25.1	7.2	8.4	42.5
$5,001–$6,500.......	249	16.9	40.2	9.6	3.6	29.7
$6,501–$8,000.......	103	21.4	40.8	4.8	4.8	28.2
$8,001–$9,500.......	39	23.1	48.7	2.6	0	25.6
$9,501–$11,000......	19	10.5	52.6	15.8	0	21.1
$11,001–higher......	150	10.7	68.6	4.0	0	16.7

Source: Sherman E. Smith *et al.*, *Are Scholarships the Answer?* (Albuquerque: University of New Mexico Press, 1960).

On the other hand, some state scholarship programs seem to set a reasonably low family income level as the eligibility level, and scholarships are awarded on the basis of need (as well as ability) with a limit to the amount that may be awarded.

When one turns to the work of the National Scholarship Service and Fund for Negro Students, one finds considerable evidence of need. Among those aided by the service, 41 percent of the 1961 scholars came from families with an income of less than $4,000 per year and 79 percent from families with incomes of less than $6,000 per year. [*100*]

Who gets the loans?

The most complete description of the characteristics of borrowers is found in a report by the Office of Education. [*163*] Beginning July 1, 1960, each student borrower under the National Defense Education Act was required to complete a questionnaire each time he signed a note for a loan. The report covers questionnaires completed during July 1 to October 31, 1960. The sample involved 30,246 questionnaires completed by borrowers obtaining a first loan. Borrowers were, of course, not limited to the undergraduate classification.

Over 60 percent of the borrowers were attending institutions in their home state. The greatest number of borrowers were 18 years old, followed by those who were 19, 20, 21, and 17. Nationally, three out of five were men and three out of four were single; nine out of ten women borrowers were single. Eighty-six percent of the borrowers had no children; and approximately 6 percent had one child, and 4 percent had two children. There were 15,800 married men and women borrowers, of whom 5,388, or 34 percent of those married, had children, with 5 percent having four or more children.

Freshmen made up 30 percent of the borrowers, 21 percent were sophomores, 19 percent juniors, 23 percent seniors, and 7 percent graduate students. Four percent of the freshmen were married as were 11 percent of the sophomores, 22 percent of the juniors, 30 percent of the seniors, and 53 percent of the graduate students. The percent of men borrowers in each year of college increases from 51 percent of the freshmen to 87 percent of the graduate students.

In the nation, 71 percent of the borrowers came from families whose annual income is $6,000 and under. (In 1960 average family income after Federal taxes was $6,160.) Of these, 41 percent came from families in the less than $4,000 income bracket and 30 percent from families in the $4,001–$6,000 income bracket. Seventy-three percent of the borrowers had brothers and sisters of college age or younger, and 45 percent had two or more siblings of college age or younger.

Many of the borrowers (81 percent) had saved less than $250; 13 percent had saved $251–$500; and only approximately 5 percent had saved above $500. States showing the highest percentages of borrowers with savings under $251 were Mississippi (94 percent), Alabama (93 percent), Arkansas and Louisiana (92 percent), Oklahoma, South Carolina, and Texas (90 percent); and Puerto Rico (96 percent). The average loan was $494, and seventy-five percent of all borrowers said they would need additional loans from the fund. Fifty-nine percent of the women but only 46 percent of the men worked less than six hours per week. Of the borrowers, the percentage financing their college expenses from sources outside the family (loans, scholarships, jobs) were as follows: 30 percent, all expenses; 59 percent, three-fourths; and 85 percent, one-half or more.

An analysis of the NDEA loan program from February 1959 to June 1960 [*152*] shows that 78,590 loans, averaging $502, were made to men; 40,410, averaging $480, to women. Thus approximately one-third of the total loans were made to women. This proportion is changed considerably when the loans made are broken down into categories. For example, 12,600 loans were made to graduate and professional students, and of these over 11,000 went to men—a picture quite different from the "one-third to women" above. Of the 76,000 loans to undergraduates, 51,000 were to men—roughly two to one. Data were not gathered for freshmen for the first year, but for the fiscal year ending June 30, 1960, loans were made to 16,707 men and 13,473 women. These figures for entering students, when compared with those for undergraduates above, suggest either a marked shift, with a larger proportion of women borrowing money, or a decrease in borrowing by upper-class women.

One purpose of the NDEA student loan program is to assist capable and needy students who would become teachers. Apparently the program is effective, for borrowers planning to teach constituted 63 percent of all borrowers in the nation; 48 percent will do so after receiving the bachelor's degree; 11 percent after the master's degree; and 4 percent after the doctorate. [*163*] These figures raise questions about the extent to which the program is being converted to a scholarship program with strings attached. Sixty percent of the entering freshmen who said that the loan determined their being in college also said that they planned to teach. Teachers are needed, and it is to be hoped that those who borrow and later become teachers first wanted to become teachers.

Of those planning to teach after the bachelor's degree, the percentage financing their college expenses from sources outside the family (loans, jobs, scholarships) were as follows: 4 percent, one-eighth of their expenses; 11 percent, one-fourth; 25 percent, one-half; 30 percent, three-fourths; and 30 percent, all expenses. Thus of those planning to teach and getting assistance, 96 percent were financing more than one-eighth and 85 percent were financing one-half or more of their expenses from sources outside the family.

Less data are available on the characteristics of those who borrow from other sources, such as commercial banks. Even the extent of this borrowing is not known. However, one report [*68*] showed that loans from banks were reported by 11 percent of the students who borrowed, and loans from colleges by 9 percent.

The State Education Assistance Authority of Virginia reported [*175*] that approximately 29 percent of its borrowers were women. Figures on 841 loans are as follows: men, 601 (single, 488; married, 113); women, 240 (single, 226; married, 14).

The Massachusetts Higher Education Assistance Corporation reported [*78*] 21 percent of its borrowers were females, 20 percent were married, and 29 percent were veterans. The average age of the borrowers was 22.35 years. By class rank, percentages were: sophomores, 29 percent; juniors, 26 percent; middlers (third year in five-year program), 1 percent; seniors, 30 percent; and graduate students, 14 percent. As of May 1962 a total of 12,808 loans had been approved by MHEAC, with a total value of $5,859,973. (MHEAC was organized in 1956.) Loans repaid number 2,857; loans outstanding, 9,714; loans renewed, 5,799; and borrowers who have defaulted, 56.

Who gets employment?

The relationship between income from employment and college attendance is difficult to analyze. Undoubtedly many students hold jobs, some probably full time, and still attend college full time, although the university may have no record of such jobs. At the other extreme is the practice of many financial aid offices to make scholarships and/or loans available only to those who do work part time.

The University of Illinois study [*168*] reported that of an average income of $872 among single students during the semester, 20 percent, or $173, came from earnings. Among married male students the amounts were considerably higher; the wife's earnings were $436 and the student's were $471, accounting for 52 percent of the $1,744 income in the second semester of 1959–60. For single students, the earnings exceeded the total of scholarships, awards, and loans combined.

At the University of Wisconsin, [*66*] of the resident students, 45.7

percent of the men and 42.4 percent of the women worked; and of the nonresident students, 34.7 percent of the men and 20.9 percent of the women worked. It was reported that, as students progress from one class to the next, not only do a higher proportion work, but the average number of hours per week also increases. The median number of hours worked per week increased from 8.5 for freshmen to 12.5 for seniors. The percentage of resident males, resident females, nonresident males, and nonresident females working for the university were 18.8, 26.6, 8.9, and 8.2, respectively, whereas 26.6, 21.4, 23.8, and 10.4 percent, respectively, of the resident men, resident women, nonresident men, and nonresident women had worked at jobs other than for the university.

Though the increase in funds—notably through the NDEA loan program—has been substantial, the "strength of college-administered aid programs is waning." [*85*]

5. Factors related to the need for scholarships

WHETHER THERE IS A NEED for more scholarships—or a Federal scholarship program—can be answered only after a number of related factors have been analyzed. These include population growth, increased college costs, and average family income.

Population

So much attention has been given to the "population explosion" that no attempt will be made to elaborate on it here. A few figures on population growth and estimated college attendance will suffice.

Table 14 shows the increase in degree-credit enrollment (48 states and the District of Columbia) in recent years, and the ratio of the number of degree-credit students to 100 of the population group aged 18–21. Projections are given to 1975, at which time the number of degree-credit students will exceed 8.5 million, or more than twice the estimated figure for 1961. Thus the *increase* in the next thirteen years will exceed by almost 25 percent the *total* enrollment of the *highest* year so far.

The number of secondary school graduates is given in Table 15. The number of students—total and first-time—in colleges and universities is given in Table 16. Indices are also given, with 1954 as the index year of 100. The accelerating rate of increase is marked and is higher for first-time students, showing a 63 percent increase in 1961 over 1954.

The relative increase in college-age population is also shown by Table 17, which gives the population, by age groups, for 1960, 1965, and 1970 and the percentage increase. It will be noted that the age group 18–21 increases 56.6 percent from 1960 to 1970.

The increase in the enrollment of first-time degree-credit students was approximately 103,000 between 1959 and 1960, and 96,000 in 1961 over 1960, or approximately 100,000 per year. High school graduation figures projected to 1965–66, show an increase of 669,000 between 1960–61 and 1965–66, with an increase of almost 200,000 in 1964–65 over 1963–64. Institutions of higher learning are concerned with the problem of maintaining quality education with such large increases in numbers.

TABLE 14: TOTAL DEGREE-CREDIT ENROLLMENT IN RELATION TO POPULATION AGED 18–21, FALL 1939, FALL 1946 THROUGH FALL 1961, AND PROJECTED TO 1975; CONTIGUOUS UNITED STATES

Fall of Year	Estimated Population, Aged 18–21* (in thousands)	Total Degree-credit Enrollment	Ratio: Number of Students to 100 of Population Aged 18–21†
1939..........	9,582	1,364,815‡	14.2
1946..........	9,403	2,078,095‡	22.1
1947..........	9,276	2,338,226	25.2
1948..........	9,144	2,403,396	26.3
1949..........	8,990	2,444,900	27.2
1950..........	8,948	2,281,298	25.5
1951..........	8,763	2,101,962	24.0
1952..........	8,576	2,134,242	24.9
1953..........	8,487	2,231,054	26.3
1954..........	8,494	2,446,693§	28.8
1955..........	8,577	2,653,034§	30.9
1956..........	8,780	2,918,212	33.2
1957..........	8,935	3,036,938	34.0
1958..........	9,063	3,226,038	35.6
1959..........	9,293	3,364,861	36.2
1960..........	9,605	3,570,018	37.2
1961..........	10,231	3,845,956	37.6
Projections:			
1965..........	12,153	5,203,000	42.8
1970..........	14,573	6,936,000	47.6
1975..........	(‖)	8,588,000	(‖)

Degree-credit extension students were excluded from enrollment surveys prior to 1953.

* As of July 1. Includes Armed Forces overseas. The population data were compiled from raw data supplied by the Bureau of the Census.

† Ratio figures should not be interpreted as percentages. This age group is merely used as a basis for comparing college enrollment with population. Actually, in 1960, 20–25 percent of 18–21-year-olds were estimated to be in college.

‡ Estimated.

§ Enrollment data for 1954 and 1955 have been adjusted to fit the 1956 reclassification of institutions by type.

‖ 18–21 age group data not provided.

Sources: U.S. Office of Education, *Opening (Fall) Enrollment in Higher Education, 1960: Analytic Report*, OE-54007, Circ. 652 (Washington: Government Printing Office, 1961), pp. 9 and 12. "Opening College Enrollment—Fall 1961," *Higher Education*, January-February 1962, p. 12. U.S. Office of Education supplied enrollment figure for 1961 and projections.

TABLE 15: HIGH SCHOOL GRADUATES,* BY SEX, 1939–40 TO 1955–56 AND PROJECTED TO 1965–66; CONTINENTAL UNITED STATES

Years	Total	Boys	Girls
1939–40	1,221,475	578,718	642,757
1941–42	1,242,375	576,717	665,658
1943–44	1,019,233	423,971	595,262
1945–46	1,080,033	466,926	613,107
1947–48	1,189,909	562,863	627,046
1949–50	1,199,700	570,700	629,000
1951–52	1,196,500	569,200	627,300
1953–54	1,276,100	612,500	663,600
1955–56	1,414,800	679,500	735,300
Projections:			
1956–57	1,458,000	701,000	757,000
1957–58	1,522,000	731,000	791,000
1958–59	1,639,000	788,000	851,000
1959–60	1,803,000	868,000	935,000
1960–61	1,873,000	903,000	970,000
1961–62	1,880,000	908,000	972,000
1962–63	1,972,000	954,000	1,018,000
1963–64	2,309,000	1,119,000	1,190,000
1964–65	2,508,000	1,218,000	1,290,000
1965–66	2,542,000	1,234,000	1,308,000

* "Total high school graduates include those from public and nonpublic schools, also those from regular and nonregular schools (such as practice schools of teacher-training institutions, residential schools for exceptional children, etc.)." U.S. Office of Education.

Sources: For 1940–56: U.S. Office of Education, *Biennial Survey of Education in the United States, 1954–56* (Washington: Government Printing Office, 1961), chap. 1, p. 32. For 1957–66, U.S. Office of Education, "Projection of Total High School Graduates, Continental U.S., 1957–66," Reference, Estimates, and Projections Section (Dittoed; Washington: The Office, 1959).

Cost of attending college

Practically everyone who can read knows that college costs are increasing, but the extent of the increase is not so well known. Also an incorrect impression may have been given of the number of institutions with relatively low costs.

The U.S. Office of Education made a study [*35*] of charges, 1961–62, of 1,454 institutions, of which 546 were public and 908 were private. The study dealt with tuition and required fees which were charged the typical full-time undergraduate student for the full 1961 academic year. In public institutions, in the academic year 1961–62 about 10 percent charged $300 or more per year and about 25 percent charged under $100. More specifically, 71.8 percent of the universities, 88.5 percent of the liberal arts colleges, 97.7 percent of the teachers col-

TABLE 16: TOTAL AND FIRST-TIME ENROLLMENT OF DEGREE-CREDIT STUDENTS* IN ALL INSTITUTIONS; FALL 1939 AND FALL 1946 THROUGH FALL 1961; AGGREGATE UNITED STATES

Fall 1954 = 100

YEAR	TOTAL OPENING ENROLLMENT		FIRST-TIME OPENING ENROLLMENT	
	Number	Index	Number	Index
1939†	1,364,815	55	381,390	60
1946†	2,078,095	84	696,419	110
1947†	2,338,226	95	592,846	94
1948	2,408,249	98	568,768	90
1949	2,456,841	100	557,856	88
1950	2,296,592	93	516,836	82
1951	2,116,440	86	472,025	75
1952	2,148,284	87	536,879	85
1953*	2,250,701	91	571,533	91
1954‡	**2,468,596**	**100**	**631,122**	**100**
1955‡	2,678,623	109	675,060	107
1956	2,946,985	119	723,178	115
1957	3,068,417	124	729,725	116
1958	3,258,556	132	781,075	124
1959	3,402,297	138	826,969	131
1960	3,610,007	146	929,823	147
1961	3,891,230	158	1,026,087	163
1962	4,206,672	170	1,038,620	165

* "Degree-credit students" refers to students whose current programs in institutions of higher education consist wholly or principally of work which is normally creditable toward a bachelor's or higher degree, and includes undergraduate, graduate, special, unclassified, or extension students, attending part or full time, day or evening. Prior to 1953, extension students were not included.

† Data for 1939, 1946, and 1947 are for continental United States (contiguous states) only; figures for 1939 and 1946 are estimated.

‡ A new classification of institutions by type was used by the U.S. Office of Education beginning in 1956, with enrollment figures for 1955 adjusted to that classification. In Circular 545, September 1959, the U.S.O.E. adjusted the 1954 enrollment figures also, making possible better comparability of data for *1954 and following years.* Indexes have been recomputed on the adjusted 1954 figures. Resulting changes have been minor, except for junior college data.

Sources: U.S. Office of Education, *Opening (Fall) Enrollment in Higher Education, 1960: Analytic Report,* OE–54007–60, Circ. 652 (Washington: Government Printing Office, 1961), pp. 1, 10–11. U.S. Office of Education, *Opening (Fall) Enrollment in Higher Education, 1962: Institutional Data,* OE–54003–62, Circ. 697 (Washington: Government Printing Office, 1962), pp. 2–3.

leges, 68.8 percent of the technological schools, and 94.6 percent of the junior colleges charged less than $300 per year. When all types are combined, 90.3 percent of the publicly controlled institutions charged less than $300 for tuition and fees for the typical full-time undergraduate resident student.

Like charges among privately controlled institutions are much higher: only 1.8 percent of the universities, 1.5 percent of the liberal arts col-

TABLE 17: ESTIMATED PERCENT CHANGE IN THE POPULATION OF THE UNITED STATES, BY AGE GROUP, 1960–70

AGE GROUP	POPULATION* (thousands)			PERCENT CHANGE	
	1960	1965	1970	1960–1965	1960–1970
Under 5	20,321	21,632	24,597	6.5	21.0
5–11	25,646	28,257	30,002	10.2	17.0
5–13	32,726	35,767	38,329	9.3	17.1
5–17	43,881	50,136	54,252	14.3	23.6
12–17	18,235	21,879	24,250	20.0	33.0
14–17	11,155	14,369	15,923	28.8	42.7
18–21	9,213	11,960	14,429	29.8	56.6
22–64	89,349	93,562	100,231	4.7	12.2
65 and over	16,560	18,244	20,040	10.2	21.0
Total population	179,323	195,533	213,547	9.0	19.1

* For 50 states and D.C. (excluding Armed Forces abroad); 1960 figures are nearly final for April 1; 1965 and 1970 projections (for July 1) assume that the 1955–57 average fertility level (approximate for 1960 and average for 1958–60) will continue.

Source: Research Division, National Education Association, *Population Projections, 1960–1970*, Special Project on Financing Education in the 1960's (Multilithed; Washington: The Association, 1961).

leges, 16 percent of the teachers colleges, and 23.4 percent of the junior colleges charged less than $300. When technological, theological, and other professional schools are added to these, the summary shows that in only 7.6 percent of the privately controlled institutions are the charges for tuition and fees less than $300 per year. Among these institutions, 88.9 percent were reported as falling below an annual charge, in 1961–62, of $1,200. The report states that between 1957–58 and 1959–60 the amounts collected from students in tuition and fees increased 13.8 percent in public institutions and 19.5 percent in private institutions.

Average charges [*150*] for tuition and fees in recent years are shown in Table 18; 473 public and 829 private institutions were included in this report.

TABLE 18: AVERAGE ANNUAL CHARGES FOR TUITION AND FEES IN RECENT YEARS

YEAR	PUBLIC		PRIVATE
	Resident	Nonresident	
1957–58	$155	$349	$526
1959–60	168	377	615
1961–62	185	432	731

The percentage increases, 1957–58 to 1959–60, were, for public institutions, 8.4 percent for resident students, and 8.0 percent for nonresident students; between 1959–60 and 1961–62 the percentage increases were 10.1 and 14.6. Percentage increases in tuition and fees in private institutions were, for the same periods of time, 16.9 and 18.9.

In 1961–62 the annual room rate in public institutions was $193 and the annual board rate (seven-day week) was $378, for a total charge (room, board, tuition, and fees) for resident students in public institutions of $756. In private institutions the room charge was $249 and board was $446, for a total charge of $1,426. There are, of course, substantial differences among types of institutions and in geographic areas.

Trends in college costs as reported by the same institutions have been analyzed for four-year periods beginning in 1928 (1928 was the year of publication; data were for the preceding year). [7, *176*] Some 1960 costs follow: 14 large privately controlled institutions, total major costs (tuition, fees, room, and board), $1,855, an increase of 29 percent over the similar charges of four years before; 20 large publicly controlled institutions, $1,316, a 21 percent increase for resident students over those of four years before; 14 medium-sized privately controlled institutions, $1,639, an increase of 29 percent; 12 small publicly controlled institutions, $1,143, an increase of 17 percent for resident students and 26 percent for nonresidents over the four years; 20 privately controlled men's institutions, $1,759, an increase of 27 percent; 21 women's colleges, $1,814, an increase of 25 percent. Larger groupings may be even more significant. Ninety-nine privately controlled institutions showed, for 1960, total major costs of $1,651, an increase of 34 percent in four years. For 33 publicly controlled institutions, the total major costs were for resident students $930, an increase of 19 percent, and for nonresident students $1,243, an increase of 35 percent. In general, of the increase in tuition between 1928 and 1960, one-third occurred in the twenty-year period between 1928 and 1948, one-third in the eight-year period between 1948 and 1956, and one-third in the 1956–60 period.

"Costs" referred to here are minimal—board, room, tuition, and required fees only. They are also out of date, since they probably represent 1959 charges. If the trend has continued, then some institutions would now have "costs" around one-third higher. Thus the ninety-nine private institutions would have, for board, room, tuition, and other required fees, an approximate annual cost of over $2,200 in

1963; and the public institutions would show a cost of approximately $1,200. To these basic figures must be added the many other costs involved in college attendance.

As important as the average, however, is the range of costs that make up the average. Among the 99 privately controlled institutions in the 1960 report, costs for room, board, tuition, and required fees ranged from $850 to $2,510; for the 33 public institutions, the range was from $650 to $1,261 for resident students and from $800 to $1,725 for nonresident students.

There are, of course, ways in which the student may keep expenses down [*108*], such as by living at home and attending a local institution, by going to evening college, by locating inexpensive housing, by part-time work, by reducing or eliminating social activities, and others. Even with all of these reductions, the amount of money still needed may be difficult for many potential students to obtain.

Unless there is a marked change in the attitude of colleges and universities, substantially larger total costs will continue to be reported. In fact, an economist has stated that "it is likely that tuition will continue to rise both absolutely and in relation to the costs of higher education." [*51*, p. 117]

Income

Obviously family income is related to the amount that students may have available for college expenses. Consistently, data reveal that college students come from the socioeconomically favored segments of the population. An analysis of national income should aid in an understanding of financial aid to students. Table 19 gives the average family personal income after Federal taxes for 1929 and for 1947–60, in current dollars. Per capita personal income for 1961, by state, is shown in Table 20. Perhaps Table 21, which shows the income for families in constant 1960 dollars for 1947–60, is more significant. It will be noted that in 1960, 22 percent of the families had money income of less than $3,000, another 20 percent between $3,000 and $5,000. Thus, 42 percent of the families had money income of less than $5,000 per year.

The family income varies, by race and by geography. Table 22 shows the percentage of white and nonwhite families by income levels, 1950–60, in current dollars. Although the percentage of both white and nonwhite families in the "under $3,000" income level decreased substantially between 1950 and 1960, by 1960 approximately one in five white families and almost one-half of the nonwhite families were in this classification.

TABLE 19: AVERAGE FAMILY PERSONAL MEAN INCOME AFTER FEDERAL TAXES, 1929 AND 1947–61

(Current dollars)

1954 = 100

Year	Income	Index
1929	2,320	48
1947	3,720	77
1948	4,010	83
1949	3,860	80
1950	4,070	84
1951	4,420	91
1952	4,570	94
1953	4,810	99
1954	**4,840**	**100**
1955	5,090	105
1956	5,400	112
1957	5,610	116
1958	5,670	117
1959	5,930	123
1960*	6,160	127
1961*	6,320	131

Figures include the average mean income of unattached individuals. Census Bureau definitions for families and unattached individuals are as follows: "Families are units of two or more persons related by blood, marriage, or adoption, and residing together. Unattached individuals are persons not living in institutions or with relatives."

* Includes Alaska and Hawaii.

Source: U.S. Department of Commerce, Office of Business Economics, *Survey of Current Business* (Washington: Government Printing Office, 1962), XLII, No. 4 (April 1962), 9, 16.

Table 23, which shows data for 1959 by regions, indicates the extent of the regional differences. Almost two-thirds of the nonwhite and over one-fourth of the white families in the South were in the "under $3,000" income level.

However, as is noted in Table 21, there has been a rise in median family income and a major shift of families upward along the entire income scale. The percent of families with incomes of less than $5,000 declined from 64 percent in 1950 to 42 percent in 1960. Those receiving incomes between $5,000 and $10,000 increased from 30 percent in 1950 to 44 percent in 1960, and those with incomes of $10,000 and over rose from 6 percent to 14 percent. Despite these changes, more than one family in five reported less than $3,000 income in 1960. For the country as a whole, the average (median) income of families in 1960 was $5,620.

TABLE 20: PER CAPITA PERSONAL INCOME,* BY STATE, 1961

U.S. Average= $2,263

District of Columbia	$3,124	New Hampshire	$2,130
Delaware	3,013	Iowa	2,124
Nevada	3,003	Arizona	2,074
Connecticut	2,895	Texas	1,993
New York	2,848	Utah	1,989
California	2,780	Florida	1,965
New Jersey	2,714	Montana	1,963
Alaska	2,692	Virginia	1,908
Illinois	2,672	Vermont	1,899
Massachusetts	2,598	Oklahoma	1,889
Maryland	2,472	South Dakota	1,875
Colorado	2,421	Maine	1,843
Hawaii	2,407	New Mexico	1,808
Washington	2,381	Idaho	1,807
Ohio	2,330	West Virginia	1,690
Oregon	2,273	Georgia	1,649
Wyoming	2,272	North Carolina	1,642
Michigan	2,270	Louisiana	1,626
Pennsylvania	2,261	Kentucky	1,625
Missouri	2,254	Tennessee	1,605
Rhode Island	2,250	North Dakota	1,562
Indiana	2,213	Alabama	1,492
Wisconsin	2,194	Arkansas	1,446
Nebraska	2,168	South Carolina	1,433
Minnesota	2,149	Mississippi	1,229
Kansas	2,139		

* Sum of labor income, proprietor's income, rental income, dividends, personal interest and transfer payments (less contributions for social security) divided by the Census Bureau estimate of total population at the midpoint of the period covered.

Source: U.S. Department of Commerce, Office of Business Economics, *Survey of Current Business* (Washington: Government Printing Office, 1962), XLII, No. 8 (August, 1962), 11.

Of the 45,435,000 families, 1,134,000 had six or more children under 18 years of age; and, of these, 59.2 percent had family incomes under $5,000. Other comparable figures are: 1,081,000 families with five children, 49.7 percent under $5,000; 2,514,000 with four children, 38.5 percent under $5,000 annual family income. When the figure on annual income was raised, 69.1 percent of those with six or more children, 65.4 percent of those with five children and 55.2 percent of those with four children fell under $6,000 per year. [*134*]

The relationships between income and college costs for selected years are shown in Table 24 and in Figure 2. The data for 1954–55 are used as an index year, or 100. Per capita disposable income data are shown for several years. Average family disposable income data are not available over the same span of years, but they show the same trend. (Tuition data were not available in 1943–44.) Relative to 1954–55, tuition and fees have been increasing at a more rapid rate than either income measures in both the 33 public and the 99 private institutions studied. Indices of charges for room and board are given in the table but not the figure. Room and board charges have not risen as rapidly as have tuition and required fees, but the rise is roughly

TABLE 21: FAMILIES,* BY TOTAL MONEY INCOME IN CONSTANT (1960) DOLLARS, FOR THE UNITED STATES, 1947–60

YEAR	TOTAL FAMILIES (thousands)	PERCENT OF FAMILIES BY INCOME†						MEDIAN FAMILY INCOME
		Under $3,000	$3,000–$4,999	$5,000–$6,999	$7,000–$9,999	$10,000–$14,999	$15,000 and Over	
1947.....	37,237	33	32	18	11	6		$4,017
1948.....	38,624	34	33	18	10	5		3,917
1949.....	39,303	35	33	17	10	5		3,856
1950.....	39,929	32	32	19	11	6		4,093
1951.....	40,578	30	32	20	12	4	2	4,238
1952.....	40,832	29	31	21	13	4	2	4,329
1953.....	41,202	27	28	22	15	6	2	4,695
1954.....	41,934	28	28	21	15	6	2	4,587
1955.....	42,843	25	26	23	17	7	2	4,892
1956.....	43,445	23	24	23	19	8	3	5,206
1957.....	43,714	23	24	25	18	8	2	5,213
1958.....	44,202	23	24	24	18	8	3	5,211
1959‡....	45,062	22	21	24	20	10	3	5,496
1960‡....	45,435	22	20	24	20	10	4	5,620

Since indexes for various income levels have not been developed, the consumer price index (showing price changes in "goods and services bought by urban 'wage earner and clerical worker families' . . . about two-fifths of the total United States population . . . .") has been used for conversion of income figures in terms of 1960 dollars. No adjustment has been possible for savings and income tax payments included in family income data. For these and other reasons, the figures shown, particularly in the income range over $10,000, are to be regarded as approximations and should be used with caution.

* Unrelated individuals (persons other than inmates of institutions, not living with relatives) are not included.

† Money income only, prior to deductions for taxes. Incomes for other years were converted to 1960 dollars on basis of change in consumer price index. See note above.

‡ Data for 1959 and 1960 include Alaska and Hawaii. Source, p. 1.

Source: U.S. Department of Commerce, Bureau of the Census, "Income of Families and Persons in the United States: 1960," *Current Population Reports*, Series P-60, No. 37 (Jan. 17, 1962) (Washington: Government Printing Office, 1962), pp. 1–4.

that of income data. College costs, for these institutions, are not available after 1958–59, but, as reported earlier, other studies have shown a continued increase in college costs since 1954–55.

TABLE 22: Percent* of White and Nonwhite Families, by Income Level, Aggregate United States, 1950–60
(Current dollars)

Year	Under $3,000	$3,000–$4,999	$5,000–$6,999	$7,000–$9,999	Over $10,000
1950†					
White	53.4	29.0	10.8	4.2	2.6
Nonwhite	87.5	9.8	2.0	0.5	....
1952					
White	29.3	35.1	20.9	9.9	4.6
Nonwhite	66.7	23.8	7.1	8.8	.7
1954					
White	28.9	31.3	21.6	11.9	6.3
Nonwhite	60.3	27.7	8.9	3.1	.9
1956					
White	22.6	27.5	24.7	16.7	8.6
Nonwhite	56.4	26.3	11.6	4.7	1.0
1958					
White	21.2	24.6	25.7	17.9	10.7
Nonwhite	54.0	25.7	12.1	5.8	2.3
1960					
White	19.1	19.9	24.5	21.3	15.3
Nonwhite	46.5	24.4	15.4	8.7	4.9

* May not add to 100 percent because of rounding.
† Families and unrelated individuals, adjusted for those not reporting.

Source: U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract o the United States* (Washington: Government Printing Office, various years).

TABLE 23: Percent* of Regional White and Nonwhite Families, by Income Level, Aggregate United States, 1959
(Current dollars)

Income Level	West		Northeast		North Central		South	
	W†	N†	W	N	W	N	W	N
Under $3,000	14.9	26.1	13.3	28.9	17.8	32.9	26.9	62.8
$3,000–$4,999	17.7	24.7	19.3	30.5	19.2	26.9	23.0	22.6
$5,000–$6,999	24.0	21.6	25.6	21.2	24.8	21.1	21.4	8.6
$7,000–$9,999	23.9	16.7	23.2	13.4	22.2	13.1	16.7	4.3
$10,000 and over	19.5	10.9	18.6	6.0	16.1	6.0	12.0	1.7

* May not add to 100 percent because of rounding.
† W= percentage of white families; N= percentage of nonwhite families.

Source: U.S. Department of Commerce, Bureau of the Census, *U.S. Census of the Population: 1960, United States Summary*, PC(1)–1C (Washington: Government Printing Office), p. 244.

TABLE 24: RELATIONSHIP BETWEEN INCOME AND COLLEGE COSTS FOR SELECTED YEARS

1954–55 = 100

YEAR*	Per Capita Dispos-able Income†	Average Family Income After Federal Taxes†	PRIVATE INSTITUTIONS			PUBLIC INSTITUTIONS					
						Resident			Nonresident		
			Total Major Costs	Tuition and Fees	Room and Board	Total Major Costs	Tuition and Fees	Room and Board	Total Major Costs	Tuition and Fees	Room and Board
1930–31	34	(‡)	52	42	61	54	51	55	48	38	55
1934–35	21	(‡)	51	43	58	51	57	49	48	45	49
1938–39	32	(‡)	53	48	59	56	61	55	52	50	55
1942–43	57	(‡)	(‡)	(‡)	(‡)	(‡)	(‡)	(‡)	(‡)	(‡)	(‡)
1946–47	71	(‡)	72	66	74	76	74	76	73	69	76
1950–51	88	85	85	80	91	90	85	91	88	84	91
1954–55	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
1958–59	115	117	128	140	116	119	133	116	123	135	116
1960–61	121	126	(‡)	(‡)	(‡)	(‡)	(‡)	(‡)	(‡)	(‡)	(‡)

Per capita disposable income is the sum of labor income, proprietor's income, rental income, dividends, personal interest income, and transfer payments—less taxes—divided by total population.

* All data based on current dollars.

† Two-year average.

‡ Usable data not available.

Sources: *Economic Report of the President*, January 1962 (Washington: Government Printing Office, 1962), p. 227. U.S. Department of Commerce, Office of Business Economics, *Survey of Current Business* (Washington: Government Printing Office, 1962), XLII, No. 4 (April 1962), 9. American Council on Education, Office of Office of Statistical Information and Research, *Fact Book on Higher Education* (Washington: The Council, 1962), p. 263.

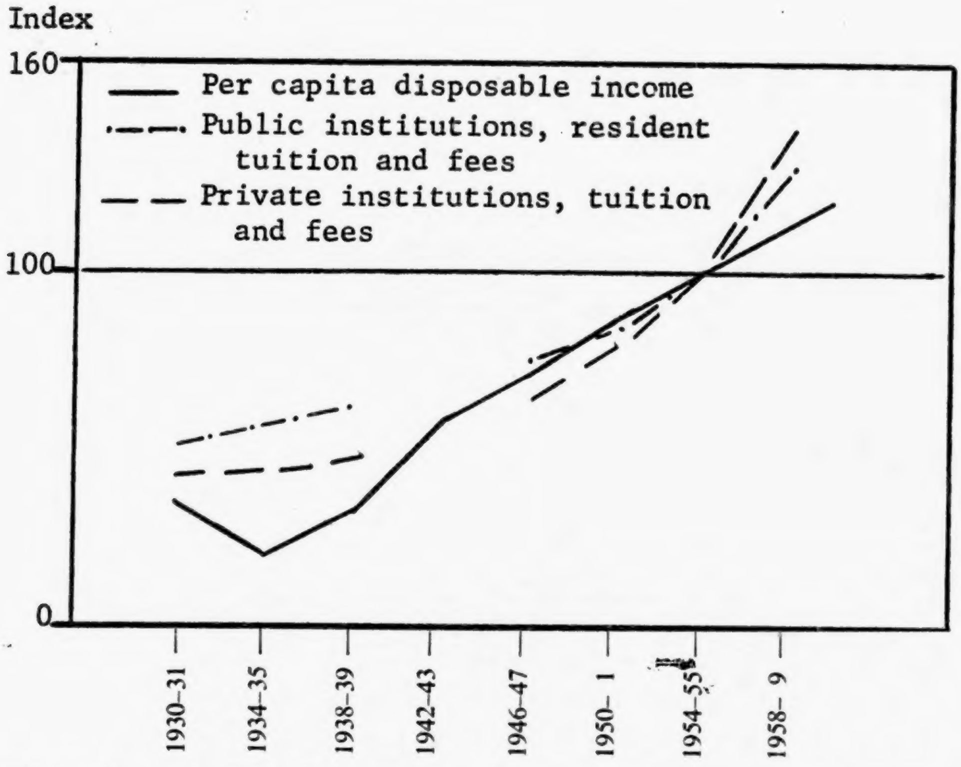


FIG. 2.—INDICES OF PER CAPITA DISPOSABLE INCOME AND COLLEGE TUITION AND FEES 1954–55 = 100

Another consideration under "need" is that of national welfare. The relationship between education and national welfare—including economic welfare—has been more appropriately discussed elsewhere. [*49*] A very interesting article on traditions and trends in student support stated that the "whole fabric of student aid has developed in response to the challenges that adhere in being a democracy." [*115*] Another writer has pointed out that:

> The provision of educational opportunity for all, regardless of social or economic class, is one of the basic ideals of democracy. This democratic ideal is reinforced by economic necessity. In the document that called this Conference together, the O.E.E.C. [Organisation for European Economic Cooperation] states that "countries may not be able to sustain economic growth unless all the reserves of talent in the population are actively sought out and attracted into needed educational channels. . . . Thus the importance of identifying and fully developing the talents of young people, which is important in its own right, quite apart from economic needs, is reinforced by the imperatives of economic development." [*181*, p. 49]

The National Merit scholarships were used as an illustration of the relationship between environmental factors and ability. Of the 831 awarded in a given year, an examination of the occupations of the fathers showed 25 percent of them to be in manual service and lower clerical occupations. For example, 16 were farmers and one a janitor. The conclusion seems obvious: the large number of "lower" level workers produced one-fourth of the scholarship winners; the smaller group of "higher" level occupations produced three-fourths of the winners. Thus family background influences the achievement and motivation of the child. But "the corollary is that even in such a society *there is a substantial reserve of potential intellectual talent that is not developed.*" [*181*, p. 52] [Our italics]

The Inglis Lecture for 1957 referred to the National Merit awards of 1956 and presented the occupational differences in a dramatic fashion. It pointed out that 12,672 "professional, technical, and kindred workers" produced one National Merit scholarship winner, but that it required 3,581,370 "laborers, except farm and mine" to produce one winner. Similar ratios were given for other occupations. [*15*]

Although many factors contribute to these differences—environment, types of examinations used, motivations—the fact remains that they do exist and that they do point to a tremendous reservoir of undeveloped talent, a talent the country apparently needs. A large scholarship program with emphasis on *early* identification, *early* instruction through recognition, and *early* assurances of financial aid might lead to development of the wasted talent.

6. The philosophy of financial aid

IT SHOULD BE APPARENT by now that there are many "philosophies" underlying the awarding of what is called student aid. Some of these were indicated in the opening paragraphs of this report. Others are reflected in the descriptions of financial aid programs. And still others are indicated by the types of activities that result in the awarding of a scholarship. Undoubtedly many of the awarded scholarships have little to do with recognizing true scholarship or with providing financial aid to students who are unable to afford a college education. A scholarship awarded on the basis of a drawing—a lottery—has been mentioned. Miss America was awarded a $10,000 scholarship, and some of the runners-up were also given scholarships of lesser amounts.

The advertising value of a nominal scholarship has not been overlooked by many organizations. Thus, whereas some scholarship awards are based on bona fide desires to help students who need help or to increase the availability of talent, or both, many are based on less noble motives.

Scholarships awarded by the institutions, that is, by the colleges and universities, may also meet a multiplicity of purposes, only some of which are truly and exclusively related either to scholarship or to aid. What is confusing is that the word "scholarship" is mentioned in connection with awards not necessarily related either to need or to scholarship—for example, to get geographic representation in the student body. It is difficult to get information on the operation of the financial aid program in many colleges. There is a substantial opinion to the effect, however, that the neediest segment of the population is not getting the financial aid; in fact, there is considerable evidence to prove that children receiving financial aid come from families with above-average income. Unfortunately, in some instances, nationally established scholarship programs have appeared to increase imbalances rather than to correct them. In fact, the noncollege programs may have even worsened the situation. [*131*]

It should be noted that many scholarships, particularly those that existed before the consideration of financial need became prevalent, were actually prizes for high scholarship.* Thus an award may be made to a high school valedictorian whether or not he needs the money, or a prize may be given to a very successful student in college simply by virtue of his high academic standing. This again indicates that there is confusion about what to include in an analysis of financial aid and of the practices relating to its distribution.

Private agencies also have many reasons for awarding financial aid. The fact that the money is made available to provide advertising for a company does not condemn it, but one must separate the mass of publicity given to a relatively small number of scholarships from the magnitude of the existing problem. A hundred scholarships awarded by a business organization may be very important to a hundred people, but these hundred are a very small percentage of the total student body, and they are not necessarily the ones who should receive the financial aid if the interests of the country are primary. Some scholarship awards are announced as if they were open to anyone when, in actual practice, they are limited to relatives of employees of the company granting them. Thus a company fringe benefit becomes reason for a general public announcement of aid to students. Competition for certain scholarships is often not completely open and many restrictions are imposed on the awarding of these funds.†

It is, of course, not necessary that all scholarship programs have as their philosophy the providing of aid to the talented but needy. The National Merit Scholarship Program has been described as a means of arousing the public's awareness of and respect for intellectual talent and in this way to encourage the development of such talent. [*124*] This is a very commendable objective, and one with which all would agree. It is well known that many of those who receive the National Merit scholarships would go to college whether or not they received financial help, but the stimulus to intellectual excellence remains.

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* The concept of need as a qualification for scholarship assistance re-emerged in the fifties. One study [*87*] refers to the early concept of charity: "Eventually the egalitarian will triumphed and the term 'scholarship' replaced the term 'charity'" and then quotes Frederick Rudolph as noting the change as "a substitution that took place without any change in actual meaning, for scholarship meant 'needy' long before it also meant qualified by scholarly excellence."

† Despite the variety of purposes for which scholarships are established, they appear to be administered and awarded with caution and sincerity.

Government agencies have a variety of reasons for providing financial aid. The GI bill is a most spectacular illustration of financial aid made available to veterans, many of whom wanted to attend college. A substantial percentage of college students has received funds through veterans benefits, and many still do, as shown by Table 25. It is questionable, however, whether this should be called aid to veterans rather than aid to education or aid to students, although students did receive the aid. The reason for establishing the program was to help students whose education had been interrupted by war service to accelerate their readjustment to civilian life. Undoubtedly many veterans who, before their military service, had had no intention of going to college became interested and were able to attend as a result of the money provided.

TABLE 25: VETERANS IN TRAINING IN INSTITUTIONS OF HIGHER LEARNING AS A PERCENTAGE OF TOTAL OPENING DEGREE-CREDIT ENROLLMENT,* 1946–61

Year	Total Opening Enrollment of Degree-credit Students*	Total Veterans in Training in Institutions of Higher Learning†	Percent
1946	2,078,095‡	1,082,036	52
1947	2,338,226‡	1,235,761	53
1948	2,408,249	1,050,668	44
1949	2,456,841	897,546	37
1950	2,296,592	609,249	27
1951	2,116,440	410,944	19
1952	2,148,284	275,652	13
1953	2,250,701	288,761	13
1954	2,468,596	374,365	15
1955	2,678,623	460,874	17
1956	2,946,985	483,339	16
1957	3,068,417	453,679	15
1958	3,258,556	385,916	12
1959	3,402,297	275,262	8
1960	3,610,007	174,122	5
1961	3,891,230	102,897	3

* Fall data, degree-credit students.

† Figures are as of November 30 each year. Veterans enrolled in institutions of higher learning are not necessarily degree-credit students. Includes World War II and Korean veterans.

‡ Continental United States only.

Sources: U.S. Office of Education, *Opening (Fall) Enrollment in Higher Education, 1960: Analytic Report*, OE-54007-60, Circ. 652 (Washington: Government Printing Office, 1961), p. 10, and Veterans Administration, Administrator of Veterans Affairs, *Annual Report 1962* (Washington: Government Printing Office, 1962).

Yet the purpose was not to aid the talented or the needy, or to enhance or to reward scholarship. The primary criterion was status as a veteran.

Many other Federal programs categorized as financial aid (the reference is primarily to scholarship aid, rather than loans) are also related to special needs of the Government. Financial aid to students in the ROTC program, to war orphans, and to Indians illustrate three of these special programs. Undoubtedly huge sums are also spent by the Government to enable employees to obtain advanced and special training particularly needed by the Government. Aid of this type often comes under the general heading of financial aid to students or of aid to education when, in actual fact, it is aid to the Government and is intended as such.

State programs have also been set up to help meet special needs—need to increase the number of teachers or the number of nurses or the number of some other occupational group in short supply. The state laws of 1961 summarized in chapter 2 indicate the extent of this type of support. However, the new departure in the area of financial assistance which came with the New York Scholar Incentive Program has gone far beyond the more generally accepted one of meeting special needs. Under that program, all state residents attending college in New York are eligible to receive an award in varying amounts. The philosophy of this special program is one of aiding all youth who can gain admission to college rather than meeting the special needs of special groups.

Government agencies, and some private individuals and organizations, have stated that their purpose is to help students help themselves. An increasing proportion of help of this kind, however, seems to be in the form of loan and job assistance rather than scholarship assistance.

To summarize the philosophy of financial aid, and particularly that of scholarships, one must point to the variety of philosophies and programs and the conflicts in these. The distribution of aid available or of aid granted is not necessarily related to national needs. Many of the scholarships granted are designed to assist the institution granting the scholarship, whether this institution be a college or university or business organization. When one examines financial aid by loans or by jobs, frequently the aid to the granting organization may be as important a motivating force in the award as is aid to the student.

One can find no systematized, unified, or well-developed program of scholarships which brings together the needs of the country and the needs of the talented students unable to finance their own education. In many of the examples given, the intermediary agency derives as much benefit as the individual or the country. In some programs the aid shuffles students among colleges without adding materially to the total numbers of students attending college. Criticism is appropriate when the desires of the intermediate agencies do not coincide with the basic needs of the people or of the country or when an erroneous impression is given that they are meeting these needs.

7. The effectiveness of financial aid in reducing talent loss

THE PAY-OFF QUESTION in the field of financial aid to students is the one implied in the title of this chapter. There is no direct and conclusive answer. There are many kinds of financial aid, many kinds of talent, and degrees of ability, costs, economic status, and motivation; and unfortunately these factors do not remain constant long enough for a conclusive experiment to take place. If one could pick two identical communities, with identical economic assets identically distributed among students with identical abilities and motivations; and if one could be sure that these characteristics would remain constant relative to each other; and if one could assume that financial aid programs of whatever nature devised could remain constant relative to all socio-economic factors relating to college attendance; and if one could then set up a financial aid program under these conditions in one of these communities and keep it in effect for a sufficient number of years to determine the influence of such a program on students in the third, fourth, fifth, or whatever grade level is appropriate for deciding to go to college or not to go to college, then one might answer this question in a more conclusive manner. Even here, however, it would be relative to this particular community under these particular conditions and with the scholarships or financial aids of the stipulated amounts. Increasing or decreasing the amounts by any proportion might, of course, change the outcome.

Even a huge scholarship program with large individual grants might have its effectiveness (if indeed it had any) decreased or nullified by large increases in tuition on the assumption that students then had more money and could therefore pay more tuition. (Holding the individual grants to small sums would tend to reduce the possibility of tuition increases of this scope.)

Even if such a program could be set up, skeptics could still say that the factor of motivation had not been measured. This would be true, for there are now no precise ways of getting at this problem.

The situation is not unlike that posed by the question: Do public (or private) colleges and universities cause students to enroll in higher education? It would be difficult to prove that there is a single college student in a private (or public) institution who could not be taken care of in a public (or private) institution. Indirect evidence can be amassed, however, to point to the need for both types of institutions.

So in the field of financial aid. Evidence is accumulating that financial aid does enable students to attend college who could not do so without such aid, and that it therefore does tend to reduce the talent loss (as talent is normally defined). There is some indirect evidence that also points to the need for more such aid.

Estimates of talent loss, as shown in Table 26, vary widely: for the top 2 percent to 3 percent in ability, the range is from 8 percent to 39 percent; for others (approximately the top 10 percent), the range is up to 45 percent. Not surprising is the low loss among the participants in the National Merit Scholarship Program. One report [*130*] concluded that the chief contribution of an augmented scholarship program for students of high ability would be to "hasten" rather than to increase college enrollment, but this does reduce talent loss by making talent productive at an earlier age. This report also stated that "new scholarship funds could materially reduce talent loss if awards were offered to less highly talented students," and pointed out that the most important reservoir of wasted talent fell in the 70–95 percentile range of ability.

Although the data may at times appear to be inconclusive, there are data that bear directly on the effectiveness of financial aid in reducing talent loss. In New Mexico a project [*121*] was begun to determine the extent to which scholarship offers to students who had not previously planned to attend college would affect their subsequent behavior. Several factors influenced the results, and the results are somewhat conflicting. For example, during the three years the New Mexico program was in operation, a cooperative program at the White Sands Proving Grounds for the training of scientists and engineers enabled many students to attend college who might otherwise not have been able to do so. The number of applicants to the New Mexico program might have been increased by as much as one-half had the White Sands pro-

TABLE 26: ESTIMATES OF TALENT LOSS AMONG STUDENTS OF HIGH ABILITY, SELECTED SAMPLES

Source	Population	Date of High School Graduation	Estimated Percentage Not Attending College
National Merit Scholarship Program	Merit scholars (N = 827)	1957	0.2*
	Finalists (N = 6,428)	1957	3.1
	Semifinalists (N = 7,690)	1957	5.1
	Total (N = 14,945)	1957	3.9
Terman and Oden	Highest 1 or 2 percent, by IQ, in California schools	1928	12
Phearman	Highest 2 percent, by achievement tests, among Iowa high school graduates	1947	8
Wolfle	Highest 2.8 percent of high school graduates on intelligence test	1953	39
Phearman	Highest 9 percent of Iowa's high school graduates	1947	36
Iffert	Highest 10 percent in high school graduating class	1950	28
Corcoran and Keller	Highest 15 percent, by IQ, of Minnesota high school seniors	1950	33†
Wolfle	Highest 8.8 percent of high school graduates	1953	45
Educational Testing Service	Highest 10 percent, by aptitude test, of public high school seniors	1955	30
Iffert	Highest 30 percent in high school graduating class	1950	30
Wolfle	Highest 31 percent of high school graduates	1953	53
Educational Testing Service	Highest scoring 30 percent of public high school seniors	1955	47

* Two students awarded scholarships are having their scholarships held for one year.

† Percentage attending college within four years of graduation.

Source: Donald L. Thistlethwaite, "The Conservation of Intellectual Talent," *Science*, CXXVIII No. 332 (Oct. 10, 1958).

gram not been in effect. In one area there were not enough qualified applicants to use all the scholarship funds available, and some successful applicants did not accept the awards.

Despite the small numbers involved in the project, each year approximately 65 New Mexico high school graduates, who had both the required scholastic qualifications and a wish to enroll in a liberal arts curriculum in college and who for financial reasons had been unable to do so, actually did enroll. This was approximately 1 percent of the high school graduates each year and was a smaller proportion than had been estimated in advance of the experiment. Lack of motivation and the varied population of New Mexico were felt to be strong factors in limiting the number of applicants.

In New Mexico about three times as many men as women attend college, but in this particular study women outnumbered men 103 to 90. This suggests that the offering of scholarships did have a direct influence on women applicants.

The selection procedures were checked to find out what happened to the applicants who had applied for scholarship aid but who had not received it. There were 292 unsuccessful applicants in 1953–54; information obtained on 242 cases showed that 173 enrolled in college and 69 did not. Of the 173 who enrolled, 127 had entered with scholarship aid from other sources. Only 28 entered without assistance.

Although the lack of orientation toward higher education, based on cultural factors, may be a greater barrier to college attendance in New Mexico than is financial need, the program brought about the enrollment in college of nearly 200 students who otherwise almost certainly would not have been able to attend. Furthermore, among this group attrition was substantially less than in the college population of New Mexico generally. Thus, whereas cultural factors may cause many potential applicants not to apply, there is the suggestion that among those who did receive help the motivation was sufficiently great that they tried to complete their programs.

A recent study of Delaware [*122*] involved inquiries to counselors and principals as well as a questionnaire to the high school seniors of June 1962. Both counselors and principals tended to agree on the influence of financial and motivational factors in preventing college attendance by qualified youth. About 31 percent of the factors cited by the sample related to general financial problems involved in attending college, matters of out-of-state tuition and living costs for out-of-state attendance, or related matters. Items related to lack of motivation, lack of encouragement, and lack of a college tradition among parents accounted for 28 percent. Among the students, almost one-third (30.3 percent) of the reasons for not going to college could be classified under "cost too high for family" and "need/want to earn a living." Inquiries were answered by 91 percent of the graduating seniors.

A memorandum based on a nationwide study by the University of Pittsburgh [*170*] included some estimates on the effects of financial aid. Approximately 60,000 high school students in the upper third on scholastic aptitude scores reported a family income of under $6,000 and did not enter college. Between 100,000 and 120,000 in this top third expressed willingness to borrow money for college but did not enter. Data on aptitude, income, and college entrance appear in Table 27. ". . . from 80,000 to 100,000 students in the upper third of the class of 1960 failed to enter college at least partly for financial reasons." Further analyses of the data will be made. [*171*] Attendance versus nonattendance will be analyzed by sex, by various levels of aptitude components, and by various cultural and socioeconomic factors.

TABLE 27: PERCENT OF HIGH SCHOOL SENIORS NOT ENTERING COLLEGE, BY SCHOLASTIC APTITUDE AND INCOME, 1960

Percentile	$0–$6,000	$0–$9,000	Total
90–100	6.3	11.7	15.1
80–90	13.8	24.3	30.5
70–80	19.9	34.7	43.3
60–70	25.9	44.1	53.5
50–60	29.8	49.7	60.3
0–50	37.4	60.6	76.1

Source: University of Pittsburgh, Project Talent Office, "High Aptitude Seniors Not Attending College" (Mimeographed; Pittsburgh: The Office, 1962).

Another analysis of talent loss [*101*] concluded that among high school graduates on the levels of ability studied the largest single reason for failure to enter college appeared to be inadequate financial resources. Inadequate finances were responsible for one-third to one-half of the male dropouts, exclusive of those entering military service, and for about one-third of the female dropouts.

Scholarship applicants who dropped out of college or who changed their status from full time to part time after originally entering on a full-time basis have been studied. [*23*] The population of this study was drawn from a pool of 1,188 families who had completed the detailed financial questionnaire of the College Scholarship Service. The frequency with which scholarships were received and the dropout rate was substantially smaller for this group than is customary.

> Inspection of the main differences . . . shows that the male drop-outs are distinguished from controls only by their having less scholarship aid. That is, on the average, they received about $200 less in scholarship aid their first year in college than did the controls, despite the fact that the

two groups are almost identical on the family economic and demographic variables and on SAT scores. [*23*, p. 6]

The discriminant function for differentiating the two groups by means of all 13 variables was not significant, but if the groups differ at all, they differ primarily on the amount of scholarship aid received. The percentage distribution of dropouts by amounts of scholarship aid received is shown in Table 28.

TABLE 28: PERCENTAGE DISTRIBUTION OF AMOUNT OF SCHOLARSHIP AID RECEIVED BY MALE DROPOUTS AND CONTROLS

	Nothing	$1–$499	$500–$999	$1,000–$1,499	$1,500 or more
Dropout......	50.8	23.8	16.9	6.8	1.7
Control......	30.3	26.7	20.6	17.6	4.8

Source: Norman Cliff, *An Investigation of Factors Associated with Drop-out and Transfer by Scholarship Applicants* (Princeton, N.J.: Educational Testing Service, 1962).

Additional indirect evidence may be obtained by a study [*42*] in process in Florida. The State Junior College Advisory Board is making a study of faculty—a faculty opinion survey. The study covers 92 percent of the total junior college faculty in Florida in 1961–62. If one can assume that college faculty members should be included among those with talent, then it is appropriate to inquire into the influence that financial assistance had on their education. Faculty members reported that as undergraduates 26.9 percent, and as graduate students 30.0 percent, of their income came from outside the family (self, wife, parents, and so on). Specifically, 9.8 percent reported that, as undergraduates, more than 80 percent of their income came from outside sources. 40.2 percent reported some scholarship help (including GI bill) as undergraduates.

A recent comprehensive study [*131*] * is concerned with the talent loss among the National Merit examinees. In an analysis of reasons for not going to college it was found that, among men, financial need and military service were the major reasons for failing to continue. Among women the first reason given was financial need; second, early marriage; and third, lack of interest in study. However, by a wide margin, financial need was the greatest single deterrent among both men and women (42 percent and 39 percent respectively) and was cited much more often by students from families with limited financial resources. When the students were categorized by the estimated amount of money the family could provide each year for college costs, 56 percent of the men and 53 percent of the women of the low group (whose families could provide $300 or less), 30 percent of the men and 38 percent of the women of the middle group (whose families could provide $400–$700), and 9 percent of the men and 8 percent of the women of the upper group (whose families could provide $800 or more) cited financial need as the reason for not going to college. When asked whether they would go to college if they had more money, 60 percent of the students from the low financial resources group, 47 percent of those in the middle group, and 24 percent of those in the upper group said yes. It was also found that students with greater financial need applied more often for scholarship assistance than did financially able students. Students with high test scores also applied more frequently than did those with low test scores. The problem of motivation has been somewhat diminished in this study because a test (the National Merit scholarship test) had been required of all those studied.

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* Thistlethwaite's analysis was in process while this study was being made, and he generously made available portions of his manuscript. The complete manuscript was received too late for detailed analysis of the later chapters.

Some groups could be recruited for college more easily than others: for example, men could be recruited more easily than women, students with high scores more easily than those with low scores; and, when financial assistance was offered, students from families with low resources could be recruited more easily than those from families with high financial resources.

> It appears that at least 60 percent of the men and 40 percent of the women not enrolling in college could have been recruited for higher education if suitable financial aid had been available. A more optimistic estimate, based on the time of decision, is that perhaps 80 percent of the men and 75 percent of the women could have been recruited into college if incentives had been provided as early as the junior year of high school. [*131*, p. 72]
>
> . . . .
>
> To summarize, analysis indicates that students who received one or more scholarship offers tend to enroll in college more frequently than students who received no offers of assistance. Further, there is evidence that this correlation would remain substantial even if we were to parcel out the effects of all twenty of the background traits shown. . . . The results cannot be attributed to extraneous differences in aptitude, high school performance, or in frequency of applying for aid. Moreover,

> these results do not appear explicable by supposing that success in winning offers of aid was the consequence of the decision to enroll in college. [*131*, p. 86]
>
> . . . .
>
> When we control aptitude test scores, rank in high school class, amount of mathematics taken in high school, and such instrumental behaviors as applying for scholarships and loans, there still remains a significant positive correlation between exposure to a scholarship offer and college attendance. The most plausible explanation of these results is that scholarship offers cause some students to enroll in college who would not otherwise do so. [*131*, p. 285]

The subjects were asked when they had decided not to enter college immediately after high school graduation. Eighty percent of the men and 77 percent of the women reported making the decision during the junior year of high school or later. Thus, it appears that four out of five of the examinees were still considering college as late as the junior year of high school and that if these students had had "increased opportunities to obtain financial aid *at the time they made their decisions* the percentages enrolling in college would have been greater . . ." [*131*, p. 62]

Others have pointed out [*124*] that many students who were capable of doing college work but who did not go to college came from lower socioeconomic levels and from areas where college attendance is unusual. Many of them were girls. "Apart from financial need, lack of motivation is the primary cause of their not going to college. If we are to prevent this talent loss—and prevent it we must—we must identify these students in the 7th or 8th grade, perhaps even earlier." [*124*, p. 522] Many have stressed the need for much earlier counseling, the development of a positive family attitude, and the timing of awards.

Are present programs effective?

"If the purpose of scholarships is to assist worthy students who strongly desire to attend but who cannot do so without financial help, scholarships as they are currently awarded are missing the mark. . . . Scholarship programs to meet this need would not have to be large." [*68*]

Actually, of course, the question must be related to the definition of talent. If only the top 5 percent of high school graduates are considered the talented, the loss is very slight, for almost all of these very talented people go to college. [*93*] If the talented group takes in the top one-quarter or one-third, loss is much greater. These students are less likely to receive scholarships even if they want and need them.

Furthermore, loss is not limited to the time of entering college. Many students drop out of college, some for financial reasons. The evidence suggests that needy students are more likely to finish college with financial support, and, therefore, to the extent that this support is withheld, the present programs are not working even for those already in college.

Talent loss also occurs before high school graduation. For example, a study [*34*] of New Hampshire high school graduates included a reference to those whose ability (by tests) put them in the top fourth of their class but whose underachievement was such that they were not in the top fourth of the high school graduates. Over 15 percent of this group did not even graduate from high school.

Talent loss is not limited to the exceptionally talented: "New scholarship funds could materially reduce talent loss if awards were offered to *less* highly talented students. The most important reservoir of wasted talent is found among students who rank between the 70th and 95th percentile in the distribution of ability." [*130*, p. 824]

Methods frequently used to determine need may not be the best. The extent to which need analysis has spread the available funds among promising students with limited means has been questioned [*58*] and the suggestion made that need analysis may spread the funds among those in the higher socioeconomic groups who want to attend more prestigious institutions. It is ironic to discover, comparing the financial need of students from high and low socioeconomic classes, that students of high socioeconomic status frequently have greater "financial need" than students of low socioeconomic status, because they select more expensive colleges. As a corollary, it is possible that the flow of talented students to prestigious institutions widens the differences among institutions. A more rigid determination of need (such as by relating need to Federal income taxes paid and taking into consideration the average cost of tuition and fees) might do more to reduce talent loss.

Whether or not scholarships are effective is not necessarily an indication of whether, under different conditions, the money could not be used even more effectively. The present "system" has been severely criticized by those very close to it. "Most scholarship money is controlled by a relatively small number of colleges, who use it mostly for institutional promotion and development. Much of it is spent attracting the talented student from one college to another." [*124*]

A recent summary of two studies came to the conclusion that ability to pay was a major factor in beginning and completing college:

> Two decades of the Sears-Roebuck Foundation agricultural scholarship program at land-grant institutions have proved conclusively that where there is scholarship money coupled with low tuition, there is also a high percentage of college graduates.
>
> And a National Science Foundation (NSF) study shows just as conclusively that where money is not available to pay college costs, able high school graduates just cannot go on to college.
>
> A survey of the 11,000 winners of freshman Sears agricultural scholarships in the years 1936–1956 shows that 78.5 percent of the recipients earned degrees at the bachelor's level and over. More than 13 percent of this number earned a master's degree, five percent a Ph.D. . . .
>
> At the same time, the NSF study, made late in the period of the Sears study, found that in the top 30 percent of ability levels, less than 45 percent of the boys and 30 percent of the girls graduating from high school completed an undergraduate college education. Of the top 10 percent, 55 percent of the males and 40 percent of the females graduated from college.
>
> More than 75 percent of the scholarship winners who replied to the Sears questionnaire felt that the financial assistance given by the foundation was "substantial or vital." Some 64 percent declared that the Sears scholarship assistance was, in addition, "a substantial or vital incentive to further education." The NSF study, *The Duration of Formal Education for High Ability Youth*, declared that among the upper 30 percent of 17 year-olds, "the largest single reason for failure to enter college appears to be inadequate financial resources." The study went on to say that lack of money caused up to one-half of the male college drop-outs and one-third of the female. [*44*]

One of the most interesting analyses of the effectiveness of financial aid, a study supported by the National Merit Scholarship Corporation, [*32*] is still in process, and to date only a brief memo has been made available. The study is directed specifically toward the effects of offers of financial assistance on the college-going decisions of talented youth with limited financial means.

The design of this investigation closely parallels techniques that might be used in a national program of scholarships for talented students who would need financial aid to attend college. First, high ability students were identified (all 10,000 finalists in the 1959 National Merit program). Next, from this group the 1,550 neediest students were selected by reviewing detailed financial information submitted by their parents and by screening out those from families who might be expected to contribute more than $550 a year from their income toward the college expenses of the student. Excluded from the study were families with the following characteristics: annual income $4,000 and only one child; annual income over $4,900 and no more than two children; annual income over $5,500 and no more than three children; annual income over $6,250 and no more than four children; and those with an annual income over $7,000.

The purpose of this study was to determine the number of students of high ability but limited financial means who did not attend college in order to measure the effectiveness of offers of financial aid in securing their attendance. Only the very talented students whose high ability had been certified and who had evidenced a desire to attend college but who were found to need financial aid to attend even the least expensive institutions were studied. All of the parents of these students had completed a detailed financial form, and 1,544 of the 1,550 students had supplied information concerning offers of financial aid and whether they had enrolled in college.

Primary findings were: (*a*) 1,305 students (84.5 percent) were offered aid and enrolled in college. (*b*) 159 students (10.4 percent) not offered aid enrolled in college. (*c*) 30 students (1.5 percent) offered aid did not enroll in college. (No attempt was made to evaluate the adequacy of the offer. Most of them received awards of $100 or less.) (*d*) 50 students (3.2 percent) not offered aid did not enroll in college.

Thus only 2.2 percent of the students offered aid failed to enroll in college whereas 24 percent of those not offered aid failed to enroll. The effect of the offer of aid on the college-going decisions of these students was significant at the .01 level. Of these talented students, 13.5 percent received no offer of aid.

Persistence in college through five semesters was noted. For those enrolling with aid, the loss was 16.9 percent; among those students enrolling without aid, the loss was 33 percent. The choice of college was also examined: 73.6 percent of the students enrolling without aid attended public colleges; 25.0 percent of the students enrolling without aid commuted; 40.5 percent enrolling with aid attended public colleges; 15.2 percent of the students enrolling with aid commuted.

Another study [*80*] of College Scholarship Service Parents' Confidential Statements and subsequent action by students also showed the influence of scholarship offers: a substantial proportion of the cases accepted the highest offer of a scholarship.

The Merit Scholar, in reviewing the research program of the National Merit Scholarship Corporation, concluded that the effect of a scholarship depends primarily on the sex, aptitudes, motivation, and socioeconomic status of the recipient. For students with very high aptitude and socioeconomic status, scholarships seem primarily to aid the student to attend the college of first choice. However, *"The main effect of scholarships awarded to students from middle- and low-income families is to increase the students' chances of attending college and to raise their level of educational aspiration."* [57] [Our italics] *The Merit Scholar* adds that if one takes the top third in scholastic ability as the definition of talent, then the national annual talent loss is probably between 60,000 and 90,000 students. Talent is not lost only at the time of high school graduation; talent loss occurs at all levels. A program to change this situation would have to start at the lower levels and would have to be a concerted effort on the part of many forces.

If financial aid does not influence students, then those who seek money for scholarships in individual colleges and those who make special awards (for students in mathematics, languages, the sciences)—and this includes governmental sources—must review the bases for their operations. If money does not entice students or aid in their retention, then these students would attend, and continue to attend, without such aid, and all such money is wasted. Obviously those who offer the aid believe that it has a positive effect. If financial aid will influence a student in the selection of the institution he will attend and his major field of study, then it must be assumed that it will also have an influence on students who could attend college with aid but who could not without aid.

8. Summary of data

WITHIN THE BROAD SCOPE usually encompassed by "financial aid to college students"—which includes scholarships, fee remissions, prizes, jobs, and loans—one is led to conclude that the funds available are huge. In fact, considering commercial loans alone, the funds available are almost unlimited. All that is needed is an adequate credit rating. (By extension, colleges and universities also have available for "aid" all the commercial money their credit rating will permit them to borrow.) To include such funds in "financial aid to the undergraduate" may be questioned. More realistically, this summary will be limited to scholarships, loans other than business loans, and—with reservations—employment.

Scholarships

The U.S. Office of Education reported [*148*] that in 1959–60 colleges and universities awarded $98 million in scholarships (not all of it to undergraduates, however), while ten years before, in 1949–50, they awarded only $27 million. Thus the amount awarded by colleges and universities increased by $71 million. The reverse is true of Federal aid to veterans during this period. In 1949 there were 897,546 World War II veterans in institutions of higher learning, but by 1959 only 274,900 veterans (of the Korean conflict) were in institutions of higher learning, a decrease of over 622,000 students. Peak years were, for Korean veterans, 1956 with 481,628 in institutions of higher learning, and for World War II veterans, 1947 with 1,235,761. In the fall of 1949 total opening enrollment of degree-credit students in all institutions was 2,456,841. Thus the number of veterans in institutions of higher learning was equal to approximately one-third of all degree-credit students.

An Office of Education study of state-financed and state-administered scholarships put the expenditures in 1958–59 at $11,727,988 for scholarships and fellowships and an additional $4,588,183 in grants-in-aid, of which $4,506,203 were to veterans or their wives, children, or orphans.

According to data from the National Industrial Conference Board, corporation support of scholarships and fellowships in 1960 was estimated at slightly above $17 million. [*88*] To these figures may be added some foundation grants, many scholarships awarded by individuals and organizations not included in the above, and certain Federal grants for aid to war orphans, Indians, and others.

The most spectacular growth in scholarship funds may be found in New York where appropriations increased from $3,750,000 in 1950 to $15,700,000 in 1961. In 1950 there were 4,962 Regents college scholarships in effect; in 1961, the total was 32,081.

Loans

The availability and use of loan funds has increased markedly in recent years. Much of this increase may be attributed to the NDEA, to the publicity given to the advisability of a college education even on borrowed money, and to the practice of many financial aid officers in colleges and universities of spreading available aid through combinations of scholarships, jobs, and loans. In 1959–60, 52,322 students borrowed an average of $274 per loan from colleges and universities, and 115,450 NDEA loans were made at an average of $434 per loan. In 1955–56, 77,000 students had obtained institutional loans; the NDEA was not then in effect. State action through higher education assistance corporations has also increased the availability and use of loans, and to these may be added commercial bank loans.

Employment

Data on student employment are subject to a variety of interpretations, but a great deal of evidence suggests that the American college student is a working student.

In 1959–60, more students were employed by institutions of higher education than were granted scholarships [*148*], a point also made in an earlier study by the U.S. Office of Education [*149*], which reported 341,381 students employed in jobs controlled by colleges and universities. Studies of general student employment indicate a much higher rate of employment, at least in state universities, than the figure above suggests. For example, the University of Illinois study [*168*] showed that 48 percent of the single men and 36 percent of the single women received some income from employment. At the same university, 69 percent of the married men and 59 percent of the wives earned income. At Wisconsin [*66*] 46 percent of the resident men and 42 percent of the resident women worked, and for nonresidents the percentages were 35 and 21.

Financial aid practices

The most striking characteristic of financial aid practices is that no apparent dominant central theme exists to tie these practices together. Although there is no doubt that the education of capable people is in the national interest, it is not apparent that this is the primary consideration in awarding scholarships. Institutions select the recipients of the scholarships in ways known only to the institutions, and they are frequently in competition with each other for the same students despite recent efforts to minimize this.

Evidence also suggests that scholarship funds are going to children of families with incomes substantially above that of the average for families in the United States. This may be due to the fact that high-income families are more apt to seek education and to seek higher-priced education, which usually is found in institutions with large scholarship funds. Whatever the reason, lower economic classes are not favored by scholarship funds proportional to their numbers, abilities, or economic status.

When loan practices and student employment are examined, however, the situation is reversed. A great deal of evidence suggests that the people who borrow money through the NDEA come from low-income families. The NDEA is more directly concerned with problems of national interest and, in fact, *is* the National Defense Education Act. Little evidence relates employment to family income, but it can be assumed that those who work for additional income need that income.

The college population

The projected increase in enrollment—in fact, the current increase in enrollment—is well known. There will continue to be an increasing number of students seeking admission to colleges. Assuming a major change does not take place, more students will be in college than we have ever had before, and certain consequences will inevitably follow. If the college scholarship practices of the past are to continue with this doubling of enrollment, a doubling of scholarship funds will be required. The alternatives are, of course, that a greater number of students borrow money in greater amounts and that a greater number of students work; or that the institutions accept in greater proportions those who can finance their education and pay less attention to those who cannot. This last alternative probably will be unacceptable.

College costs

Increases in the cost of attending college are well known, but the general population may not be aware of the *total* cost of a college education, for many costs are not directly related to tuition and fees. However, tuition and fees alone have increased at fairly rapid and measurable rates. One study of a selected group of colleges showed tuition increases ranging from 22 percent in small public colleges to over 40 percent in some of the private institutions in the four-year period 1956–60. Even the large public institutions showed increases of 37 percent.

But in spite of the increases in tuition, it is still possible to attend a substantial number of institutions with very low fees. An Office of Education study showed that approximately one-fourth of the public institutions had tuition charges of under $100 for 1961–62.

Income

All data reveal a rising general level of income in the United States. The median family income in 1960 was $5,620; in 1950 the figure was $3,856 (1960 dollars). Even with a median family income of $5,620, a family would not be able to afford a college education for many children, and half the families in the United States earn less than this. In fact, in 1960 one family in five had an income of less than $3,000 and another one in five, between $3,000 and $5,000.

There are, of course, significant group differentials in income. In 1960 only 19.1 percent of white families had incomes of under $3,000, but among minority groups the percentage was 46.5. As would be expected, regional differences are rather marked.

Philosophy

In the last few years a marked change in the philosophy of aid to students has occurred. Loans are now a much more prominent part of the financial aid picture than they were seven or eight years ago. Furthermore, the Federal Government has recognized, in definite financial ways, a relationship between the needs of the country and an adequate number of educated people, as is indicated by the National Defense Education Act.

Another significant change has occurred in the states, many of which now have scholarship and loan programs. Although state scholarship programs have existed for many years to attract people into certain occupations (such as teaching and nursing), the states have recognized only recently a need for general financial assistance; and large state scholarship programs are limited to those states with substantial resources.

9. Issues and implications

THE PRECEDING PAGES have discussed types of financial aid, amounts available, the concentration of scholarship funds, job opportunities, who applies for and who gets aid, changes in population, the cost of attending college, income levels, philosophies of aid, and whether financial aid is effective in reducing talent loss.

Other equally important questions, however, cannot be answered by data alone. For example, is it desirable to keep the number and amounts of scholarships proportional to the population and, therefore, with a doubling in population assume a doubling in scholarships and amounts; or will the present scholarship programs be adequate because the greater number of students will make it possible to select mainly those students who do not need scholarships? Would an increase in the number of scholarships overburden the institutions by making it possible for more students to attend colleges? Are increased numbers a burden or an opportunity?

Does our society really need increased numbers, or a higher percentage, of our population to be college trained? Should financial aid help needy students obtain an education because they and society need their educated output, or does our society have enough adequately trained people? Is the mobility of the population such that, because people tend to remain in one place, education, including higher education, is a local problem; or do people now have sufficient mobility that higher education is no longer a local problem or even a problem to be left to the states?

Is it acceptable to deny access to higher education to a large proportion of our young population simply because their parents are unable to pay to send them to college? What about a philosophy of aid that gives to those who have and allows those who do not have to borrow? If "working one's way through college" is good for one, should the opportunity be broadened rather than tied in with financial assistance to those whose parents are unable to pay for a college education?

Is the purpose of financial aid to make life somewhat more comfortable for those who would be going to college anyway? Is the purpose to help an exceptional student obtain a specific type of education that will develop his talents and that is offered by only a limited number of colleges, or only to help an exceptional student attend college—any college—even one that might not adequately develop his talents? (If the former, are measures of the college's ability to develop his talents available? Would colleges admit the possibility of such measurement?) Stated another way, is the purpose of financial aid to get students into college and keep them there, or is the purpose to shuffle them from one college to another?

Can one differentiate between scholarships that help needy students attend college and scholarships that enable the institution to select its clientele? A college should use its financial aid funds to strengthen its program; but are its needs necessarily the same as those that would be met by a larger program, and particularly by a Federal program?

Data alone will not provide an answer to some of these questions, for interpretations must be made in the light of one's assumptions about the nature of education and its place in our society. A population explosion; an increasingly mobile population; an ever-enlarging body of knowledge; an expanding economy; world-wide national interests, obligations, and responsibilities; and constantly higher demands for an educated citizenry are among the forces for social change. These changes must be considered before many of these questions can be answered, for educational policy and the needs of society are closely interwoven.

Is there a need for a *Federal* scholarship program? There is much resistance to a Federal program of scholarships for college undergraduates. This is part of the general resistance to granting aid to higher education, and yet scholarship aid seems to have even stronger antagonists than aid to education in general. However, it is not our purpose to analyze resistance to or desire for a Federal program—or any program—of financial assistance. Rather, our intent is to analyze data and judgments relating to present and projected needs.

This study was to address itself to questions such as the following:

1. What portion of the college-age population is presently reached by available scholarship assistance?
2. What meaningful information is available on the need for additional

scholarships and on the criteria by which these scholarships should be awarded?

3. What are the implications for college admissions and for the administration of scholarship aid if a Federal scholarship system should be established?

But this study is concerned with more than simple statistics on "the portion of the college-age population presently reached," for the characteristics of that portion may be significant.

The chief concern of this study is student aid in general, regardless of its source. A massive scholarship program might resolve many problems, whether or not it is a Federal program. There might be advantages to a massive private program over a similar Federal program—and, of course, the opposite is also true. Some of the discussion that follows will apply to any program, Federal or otherwise.

Aid and the college-age population

In 1959–60 the 2,011 colleges and universities covered by the U.S. Office of Education study [*148*] awarded 287,589 scholarships. Unfortunately for the purposes of this study, it is known that these were not limited to undergraduates; first professional degree students were included, and at some institutions the proportion of scholarship money awarded to these students was substantial—at Harvard, for example, over one-third. In fact, scholarships ranged in value from $3 to over $3,000 with most of the largest grants being given by professional schools. The average value of scholarship aid per student aided was $341, but the figure for the *undergraduate* would be lower.

Office of Education data on enrollment do not separate undergraduate students from those who seek their first professional degrees. For this and other reasons (such as the duration of the award), it is not possible to compute the percentage of undergraduates receiving scholarship aid from colleges and universities. If one assumes that seven-eighths of the total degree-credit enrollment in 1959–60 were undergraduates,* then the number of undergraduates would be 2,984,000. If one also assumes that *all* of the 287,589 scholarships were awarded to undergraduates (obviously a generous assumption), then slightly over 10 percent of the undergraduates received scholarships from colleges and universities.

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* Based upon the American Association of Collegiate Registrars and Admissions Officers study of migration [5] which showed 117,315 professional, 305,762 graduate, and 2,519,925 undergraduate students—a total of 2,943,002.

Other sources of scholarship aid, such as foundations, states, and agencies, are available to undergraduates and would have to be added to the figures above. However, it is generally accepted that *most* scholarship funds come from colleges and universities.

Other studies might provide better information on the proportion of undergraduates getting scholarship aid. An Office of Education study [*142*] reported that 20.8 percent of the students received scholarship aid. In Florida [*125*] it was found that a range from 3.6 percent to 24.1 percent of the students in white institutions received aid from colleges and universities; and a range from 6.1 percent to 11.3 percent received aid from other sources. In Michigan [*60*] in 1956–57 less than three-fourths of the financial assistance went to undergraduates. In a report on undergraduates at the University of Wisconsin [*66*], it was found that 15.8 percent of the sample group held scholarships; but the sample excluded commuters or students living at home, and thus one would expect a higher proportion of the sample group to hold scholarships.

In a sense, however, giving the data above is begging the question, for the data are based on students already in college. In 1960 the ratio of degree-credit students to 100 of the population aged 18–21 was 37.1. Not all college students fall within this age range, but the majority do; and this ratio may be taken as a rough indication of the number of students *not* in college and to which, therefore, the above data do not apply.

In 1959–60 the estimated number of secondary school graduates was 1,803,000—and many of the appropriate age did not graduate. To this figure must be added the expected increase in the number of high school graduates—to 2.5 million by 1965, or an increase of over 700,000 in five years. Whatever the situation today, the growth in scholarship funds must increase by almost 40 percent to keep pace with the potential number of students. Such an increase conceivably could take place, for between 1955–56 and 1959–60 the amount of college and university funds increased roughly 49 percent. [*148*] The acceleration rate of college costs, however, may require an even greater growth in funds.

The increase in the number of college-age people is clear. It follows that as numbers increase, so will the number of people with high ability.

Doubling the total number of college-age people should double the number of people of college age with high ability. There are, then, the alternatives of selectivity versus expansion to take care of the increased numbers.

Related to the above point is the factor of attrition. At the present time, a large percentage of the students who enter college do not remain there. The reasons for leaving college are many, but one reported on many occasions has been money. With adequate funds made available to those without means but who wish to continue their education, money could be eliminated as a factor in academic attrition. This is not being recommended; it is simply stated as a fact.

Colleges in this country will have an increased number of potential students, and they will have an increased number of potential students with high ability. They may choose between educating the same general proportions or increasing their selectivity or their rates of attrition or a combination of these. With increasing college costs and with increased numbers to be educated, proportionate increases in funds for student aid will be required unless the financial barrier—and at some point there is such a barrier!—is to become more restrictive.

Information on need

What meaningful information is available on the need for additional scholarships? Several answers are suggested by the data given—the increase in the number of college students, assuming an equal proportion will continue to need financial assistance; rapidly increasing college costs; and the large proportion of the population with low income relative to the cost of a college education. A further look at the economic status of college students might shed more light on the need for additional scholarships.

At the University of Wisconsin in 1961–62 the median total cost for university attendance of a sample of single undergraduate resident students was $1,378 for men and $1,401 for women. For nonresident students, median expenditures were, respectively, $2,000 and $2,285, amounts considerably higher than for resident (state) students. (Means were higher in all the above instances. For example, the mean [average] cost for men was $1,462.60, or $84.60 higher than the median.) Perhaps it is significant that 5 percent of both single resident men and women had median expenditures of under $1,000. The average cost for room, board, and fees was $949.20, to which could be added an average cost of $87.07 for books. Students falling in the 5 percent having expenses of less than $1,000 obviously indulged in some economies.

Sixteen percent of the undergraduate full-time students at Wisconsin were in debt: 7.7 percent of freshmen, 12.8 percent of sophomores, 22 percent of juniors, and 28.1 percent of seniors. Higher proportions of men than of women were in debt. Of the sample studied, nearly 20 percent (19.6) of the sophomore, junior, and senior men and 7 percent of the women reported they had been out of school for a semester or more after entering college. Of the men, 15.5 percent reported financial and 40 percent scholastic as the most important reasons for dropping out; and 50 percent of those who gave a second reason gave financial. Of the women, 35.7 percent reported financial and only 14.3 percent scholastic as the reasons; and as a second reason, financial (28.6 percent) and excellent job opportunity (28.6 percent) were given.

Many of the students were working. Of resident students, 45.7 percent of the men and 42.2 percent of the women were working. One-fourth of the working males and 14.3 percent of the females felt that working hurt their grades.

Forty-five percent of the parents of the Wisconsin sample had incomes between $3,000 and $9,000 (the fifth percentile to the median). Incomes of less than $3,000 would account for 5 percent, and 5 percent had incomes of $35,000 or more. Thus there are children in the sample whose parents have substantial incomes; but it is obvious that many of the students are barely able to get by—if, indeed, they do.

A study of the economic status of students at the University of Illinois [*168*] produced a similar picture. The University of Illinois figures indicate the range. Mean expenditures of single students, second semester, 1959–60, by quartile, appear in Table 29, and mean income and sources of funds for these same students appear in Table 30. (Note that these figures are for one semester only.)

"This look at the financial status of the average single student at the University of Illinois suggests that he has money troubles, that he is busy during the summer earning money to finance his education, that he has part-time employment during the semester, that he is dependent on his parents and relatives for about $70 a month, and that he finds it necessary to go into debt and to draw down his limited

TABLE 29: MEAN EXPENDITURES OF SINGLE STUDENTS AT THE UNIVERSITY OF ILLINOIS, SECOND SEMESTER, 1959–60, BY QUARTILE

EXPENDITURES	LOWEST QUARTILE		MEDIAN		HIGHEST QUARTILE	
	Amount	Percent	Amount	Percent	Amount	Percent
Miscellaneous	$ 25	4	$ 52	6	$ 87	7
Transportation	18	3	61	7	161	13
Recreation	36	6	78	9	99	8
Textbooks and supplies	30	5	44	5	49	4
Tuition and fees	109	18	140	16	198	16
Personal and medical expenses	43	7	87	10	148	12
Food and housing	345	57	410	47	495	40
Total	$606	100	$872	100	$1,237	100

Source: University Committee on Student Economics, *Student Economics at the University of Illinois: Where the Money Comes From and Where It Goes* (Urbana, Ill.: The Committee, 1961).

TABLE 30: MEAN INCOME AND SOURCES OF FUNDS OF SINGLE STUDENTS AT THE UNIVERSITY OF ILLINOIS, SECOND SEMESTER, 1959–60, BY QUARTILE

SOURCES OF FUNDS	LOWEST QUARTILE		MEDIAN		HIGHEST QUARTILE	
	Amount	Percent	Amount	Percent	Amount	Percent
Reduction of assets	$132	22	$156	18	$161	13
Loans	19	3	18	2	29	2
Miscellaneous	73	12	86	10	143	12
Relatives	231	38	314	36	335	27
Scholarships and awards	59	10	125	14	223	18
Earnings	92	15	173	20	346	28
Total	$606	100	$872	100	$1,237	100

Source: University Committee on Student Economics, *Student Economics at the University of Illinois: Where the Money Comes From and Where It Goes* (Urbana, Ill.: The Committee, 1961).

assets to complete the work of the semester." [*168*, p. 8] It is from the bottom quarter that attrition due to increasing costs would take its heaviest toll.

The colleges and universities are aware of these forces, and large numbers are seeking additional funds for scholarships. Some are even using money from current operating funds for scholarship purposes. Appeals are not limited to private institutions; many publicly controlled institutions are asking for money to increase the number and/or value of their scholarships.

A comment by the president of the National Merit Scholarship Corporation suggests the contributions a Federal program might make.

After referring to a program that would cost $280 million a year and involve 100,000 students, he stated:

> This cost is well within the range of possibility in a country where money is always available for causes which are attractive to the public, and this cause is a worthy one. The money would be well spent. It would have drastic effects upon higher education as it is now offered and financed. *It would, among other things, open the doors of higher education to the poor.* [*123*, p. 60] [Our italics]

The effect of a scholarship program on institutional income

Would a Federal scholarship program be a way of getting money into the colleges and universities? One study [*123*] has suggested that scholarships and support of the institution might go hand in hand. "One of the trickiest problems in the student aid field, especially from sources outside the college, is the tie-in of student aid with the financial support of the institution, and the widespread tendency to confuse student support with institutional support." [*123*, p. 55] It is easy to raise tuition and offset some of the possible repercussions by increasing aid to students. Although support of able but needy students is separated from support of the institution, this study warns that one of the effects of a massive Federal scholarship program might be to encourage increases in student charges. (Although the reference is to a "massive Federal" program, presumably the argument would apply to any "massive" program—Federal, state, or private.)

Whether a scholarship program would lead to an increase in tuition may be debated. It seems reasonable to assume that a scholarship program limited to a small amount per person per year would not lead to a tuition increase as readily as a large grant might, nor would a program in which the scholarship meets the difference between the money the applicant has and the amount he needs to attend a given institution. It has been said that the GI bill led to increases in tuition. However, the increase in tuition and fees in 99 privately controlled institutions was only 38 percent between 1939 and 1947, an eight-year period; and 21 percent between 1947 and 1951. In these same institutions tuition and fees increased 24 percent between 1927 and 1931, 25 percent between 1951 and 1955, and 40 percent between 1955 and 1959. In 33 public institutions percentage increases (for resident students) were smaller. However, the largest increase was 31 percent (1955–59), with only a 22 percent increase between 1939 and 1947, a 19 percent increase for the 1927–31 period, and an 18 percent increase for 1951–55 period. In dollars, the increase in the private institutions was $245 between 1955 and 1959, and only $219 between 1947 and 1955, a period twice as long and one in which the benefits of the GI bill were large. Although the amounts are different, the same relationship exists for resident students at public institutions. If there is a direct relationship between the GI bill and increases in tuition, it is not readily observable. The GI bill, and particularly the fact that veterans paid nonresident fees, may have led to some increases, but increases in tuition charges are based on more fundamental factors and have continued in the absence of any large scholarship program.

The argument, if there is one, should not be limited to scholarships. Should the practice of taking out loans to avoid disturbing one's investments become more prevalent and more widely recognized, colleges and universities might look on this practice as justification for additional increases in tuition. Should this happen, loans as "financial aid to students" would widen the gap between college costs and what the needy but talented could pay.

A Brookings Institution report [*113*] discusses the possibility that a scholarship program would lead to tuition increases and states that it "does not seem desirable to use a massive Federal scholarship program as a means of channeling Federal funds into the operating budgets of educational institutions." However, "a limited scholarship program (perhaps 30,000 to 50,000 scholarships a year), designed primarily to reach bright students in genuine need, does seem to be needed." [p. 174] By keeping the stipend low and limiting eligibility on the basis of taxable income, such a program "would be of no real assistance to higher educational institutions."

It should be noted that the same attitude toward increasing student aid does not prevail in the graduate area. Here education in the United States seems to be moving rapidly toward almost complete stipend support, particularly in certain disciplines. There has been no suggestion that this support has led, or will lead, to increased tuition rates, in spite of the fact that most graduate stipends are awarded without considering the financial need of the applicant.

Are loans a substitute for scholarships?

A large number of people are being reached by loan programs. The NDEA program, in particular, has a reasonably documented statement of effectiveness in aiding those who needed money to attend college. Possibly—in fact, probably—the loans made by colleges of their own funds would show a similar effectiveness. But when commercial loans are examined, one finds that the basis of operation frequently substitutes credit standing for need. Thus a distinction should be made between loans that are based on need and loans that are simply investments and bear little relationship to need or to ability.

Loans based on need have the effect of passing costs on to the next generation and of putting the cost of undergraduate education on students from economically deprived families. At the other levels of education this does not appear to be the case, for free education is available in elementary and secondary schools, and fellowships provide for a large segment of the graduate school population. Furthermore, as college costs continue to rise, the ceiling on individual loans under the NDEA may have to be raised.

Loans for which the institution assumes a responsibility for collection, as in the NDEA program, may in time become a burden to the institution. The period of repayment may extend over ten years (longer if the student enters military service), and students may move so that they become difficult or impossible to locate.

A U.S. Office of Education statement [55] summarizes the status of NDEA loans as of October 1962:

> Information from the Office of Education derived from account reports of 1,452 colleges in the program last year shows the following:
>
> Total accounts on which payments or cancellation for teaching had been made, 25,482. Total repayments of principal and interest, $2.8 million. In 1,100 colleges, all required repayments were made on time, and in 352 institutions a total of 1,989 payments due as of November 30, 1961, were late. No institution reported an account as uncollectible, and as the figures above show, the 8 percent late payments were concentrated in less than 25 percent of the participating colleges.

The record on defaulted loans appears to be good, but the time for repayments has not been long. In general, the longer the time allowed for repayment, the higher the rate of default will be. Thus both mobility and time—as well as low income in some fields and increasing family responsibilities—work against ease of collection.

Loans may supplement scholarships and in many instances may provide all the funds needed. But they are not adequate substitutes. There are many occupations in which the income is too small to repay a substantial loan incurred during undergraduate days. A large indebtedness might also prevent a capable college graduate from undertaking graduate work or entering professional training.

Graduate fellowships are frequently awarded without reference to the financial need of the recipient. However, the extent of Federal assistance through fellowships at the graduate level may not be fully recognized, for there is no central source of information about them. Some idea of the extent of Federal aid may be obtained from a recent description of the NASA program. [*48*] In the 1964–65 academic year the NASA program is expected to level off at the annual intake of 1,350 students a year, with about 4,000 per year spread over the three-year training period. The National Science Foundation has 2,700 fellowships in academic year 1962–63; the NDEA provides a maximum of 4,500 fellowships, about half of them in science and engineering, and the National Institutes of Health has about 1,000 predoctoral fellowships in academic year 1962–63. Assuming a continuation of the agency fellowships at the indicated rates, these four Federal agencies will be aiding, at a given time, over 12,000 graduate students. Stipends for these fellowships range from $1,800 to $2,400 per individual. This total of 12,000 graduate students takes on added significance when it is remembered that the largest number of doctorates awarded in all fields in any year up to 1960–61 was 10,575.

There are other Government fellowship programs, notably those designed to assist foreign students in this country. It is impossible to get accurate data on the number of foreign undergraduate and graduate students in this country with assistance from the United States Government. Some of this aid apparently goes to undergraduates, but the bulk of it presumably assists graduate students. The Department of Defense makes graduate education available to some of its career people, and other agencies of the Government may also do so. The United States Government's involvement in offering financial assistance in one form or another obviously affects a substantial proportion of *graduate* students.

Is aid to veterans a substitute for scholarships?

Aid to veterans or their dependents has been, and is, widespread. Many states have laws specifically designed to provide such aid. In 1947–48 half of the total enrollment was of students on the GI bill, the largest of these programs, and many veterans of the Korean conflict are, as recently as 1962, obtaining educational benefits from Federal programs. The war orphans assistance program also aids many.

There have been unsuccessful attempts to pass legislation extending educational benefits similar to the World War II and Korean conflict laws to veterans of peacetime military service. These laws, if enacted, might aid veterans, but they would leave many problems unsolved. In the first place, the aim should not be to get more people into college, but to aid those who are talented but who cannot finance an education. Also, "Fitness for military service does not necessarily imply fitness for higher education, and such a program would benefit many men who could well afford to pay their own way. And it would exclude most women and all physically handicapped persons." [*113*, p. 169]

Is free or low tuition a substitute for scholarships?

Is free or low tuition a satisfactory alternate to a large scholarship program? Does it make such a program unnecessary?

It has been claimed that the free tuition of the state universities is the greatest scholarship program available. No one would belittle the value to the student of the low or free tuition offered by public institutions. But the terms "free tuition" and "scholarship" are hardly synonymous, for such usage would mean scholarships were being offered by the state institutions to the wealthy (note that 5 percent of the parents of students at Wisconsin had incomes of $35,000 or more) as freely as to those of low income—perhaps more so, because those with very low income would have trouble attending even if there were no tuition charges.

Parenthetically, even free or low tuition may have been a late thought in the development of the land-grant institutions. Jonathan Baldwin Turner drew a blueprint for land-grant colleges and universities in 1850 in Illinois in a speech entitled, "A Plan for a State University for the Industrial Classes." He stated:

> The institution should be open to all classes of students above a fixed age, and for any length of time, whether three months or seven years,

> and each taught in those particular branches of art which he wished to pursue, and to any extent, more or less. *And all should pay their tuition and board bills, in whole or in part, either in money or necessary work on the premises—regard being had to the ability of each.* [*10*, p. 10] [Our italics]

In fact, the italic portion sounds remarkably similar to a proposal for a student aid program.

Studies at Illinois, Wisconsin, the Michigan colleges, and the Florida colleges all show students in these institutions with scholarships. That so many state institutions have scholarship programs minimizes the argument that scholarships are not needed in these institutions. In Michigan in 1956–57 [*60*] state-controlled institutions made 83 percent of the awards, 3 percent were made by community colleges, and 13.4 percent by privately controlled institutions. Fifty-seven percent of the grants by public institutions and 54 percent of those by private institutions were for less than $200.

Even attending these public institutions costs money, and the amount is increasing. Office of Education figures showed average costs in 1961–62 of $756 for board, room, and tuition for resident students. A study [7] of 33 selected publicly controlled institutions showed, in 1960, average annual tuition and fee charges of $245 and room and board charges of $685, a total of $930 for resident students, or an increase of 31 percent over the figure for four years earlier.

Very recently the University of Illinois issued a report dealing with its future plans. They estimated a need, based on enrollment forecasts through 1969, for $3,000,000 annually in scholarship funds. [*37*] This estimate did not take into account the unknown number of able students who never begin college due to lack of financial resources. It seems clear, therefore, that even in the state-supported institutions there is a need for financial aid to capable but needy students.

Criteria for scholarship awards

The criteria for awarding scholarships is one of the major points at issue in a possible Federal scholarship program. There may be many criteria, but ability and need enter early; and there is almost universal agreement that the first consideration must be the ability of the student. Because public funds are involved, the use of an objectively stated program in which personal feelings or judgments are kept to a minimum may be insisted on in the selection of those who would receive scholarships.

Individual colleges and universities may award their scholarships on a variety of bases, including academic potential alone, academic achievement (as a prize), geography, sex, special talents (music, art, athletics), interest in special disciplines (physics), or vocations. Governmental agencies have been concerned mainly with vocational fields (teaching, nursing) and with geographical distribution within the states. Individual donors and organizations use all the above criteria, plus any others they may wish to add, including limiting scholarships to employees or families of employees. In some instances awards are based on academic records (grades in secondary school), test scores, offices held, or special abilities. Rank or standing in the secondary school class provides an excellent criterion for college admission when the characteristics of the school are known to the college, and this might be used effectively in a scholarship program.

However, on a national basis, objectivity in regard to ability might best be obtained through examinations of college aptitude and achievement of the kinds now in use. Such tests are used by some state scholarship commissions, in the initial selection of National Merit scholarship contestants, and other programs. Colleges and universities also make use of objective evaluations such as those provided by the tests of the College Entrance Examination Board and the American College Testing Program, both national in scope. The selection of one individual—the potential recipient of a scholarship—over another must be defensible, and test results provide one basis. In a national program, with national selection (without reference to state or regions), the test results might be the primary factor not only in initial screening, but in subsequent evaluation. Leadership and other personal qualifications may be too difficult to measure or to evaluate objectively when making the initial selections, and objectivity will probably be a requirement in any Federal program. In the actual process of choosing individuals, however, test results may not be the sole final factor. The National Merit scholarship winners may be selected for characteristics in addition to high test results, but only after the latter have been achieved; and colleges frequently consider some of these additional factors as important—or more important—than test results. The extent to which a Federal scholarship program would have to exclude these additional factors and limit itself to objective evaluations of college aptitude and achievement might depend in part on the extent to which regional or state selection procedures could be developed.

The matter of screening or selection by examination only or by some other standardized procedure rather than by "motivation" or "leadership" may not be as serious as it appears to be for the following reasons: First, the initial selection (identification) of a group of Federal scholarship awardees would leave to most colleges the privilege of granting admission to whomever they wish—as at present. The identification of students through a Federal program might enlarge the field of potential selection, but selection would be the concern of the individual colleges. Thus most colleges would lose nothing in regard to the selection of their own students. In actual fact, probably *no* colleges would lose, for even those required by law in certain states to admit all qualified students would hardly complain about a selection procedure based on demonstrated ability and achievement. Second, a Federal program would only *supplement* all existing scholarship funds. Colleges would continue to use their present scholarship funds as they do now. No change in procedure would be required.

Two of the most exhaustive reports on a Federal scholarship program were made early in 1962 by the Special Advisory Group on Federal Scholarships to the Commission on Federal Relations of the American Council on Education. Because they represent carefully developed considerations, they are reproduced in Appendix A in their entirety. This Special Advisory Group recommended in its First Report that a given test score on a national test or graduation in the upper quarter of his high school class should be considered minimum academic standards for awarding a student a Federal scholarship. Concern is expressed in the Second Report over the possible heavy reliance state commissions might place on objective tests, and the group suggests the commissions should have some flexibility to select winners on the basis of grade-point average or rank in class if this seemed suitable to the needs of the state. With selection by state commissions, a *national* test becomes less critical. (The California State Scholarship Commission [*20*], for example, chooses students initially on the basis of the Scholastic Aptitude Test of the College Entrance Examination Board. Those above a minimum score [initial selection] submit a transcript of their grades and further consideration is given to their scores and academic achievement. In 1961 all selected scholars were in the highest 8 percent of ability as measured by the test and had achieved a median grade-point average of 3.63 on a 4.0 scale.)

The second criterion applicable to a Federal program would be financial need. Excluded from consideration here are "honor" and "recognition." This may be a highly commendable component of a national program—as is recognized by the National Merit Scholarship Corporation—but the award of money in a Federal program should be based on financial need. The question of need, however, brings the additional ones of "need for what?" and "how is need to be measured?" Should a Federal program enable a student to attend any institution to which he can gain admission, and is "need" the difference between what he has and what it will cost? Or is "need" what is required to let him go to some college, but not necessarily the one of his choice?

At present, much of the money available for scholarships is awarded on the "difference" basis. For example, the College Scholarship Service procedures and those of the National Merit Scholarship Corporation consider need relative to attendance at a particular institution; and some state programs differentiate in amount allowed the individual depending upon costs at the institution attended.

Can need be evaluated?

Many colleges attempt to determine the need of those who ask for financial assistance. The College Scholarship Service, organized in 1954–55 with 95 members and with a membership in 1962 of 451, has been a prime mover in this field. Member institutions have agreed to ask substantially all of their applicants-for-aid to complete a Parents' Confidential Statement (PCS) and to report to the College Scholarship Service on financial aid offers made.

The PCS is sent to the College Scholarship Service, which figures the need of the applicant. This information is then sent (for a nominal fee) to each college from which the student is asking aid. The form is quite detailed. Family income, assets, and obligations are carefully assessed, and the student is expected to help by his own earnings.

The growth of the College Scholarship Service indicates the concern felt by colleges to award aid as fairly as possible, to minimize competition, and to consider need evaluations other than their own. However, membership is voluntary, and no institution is required to limit its offer to the amount computed by the College Scholarship Service nor to offer as much as is computed.

The California State Scholarship Commission [*20*] uses the standards of the College Scholarship Service to compute the amount to be expected from the student and his parents. New York, however, uses net taxable income except for two categories, nursing and children of veterans. [*106*]

The Parents' Confidential Statement form appears in Appendix B–1 and is reproduced, with permission, from the 1963–64 edition of the form, published by the College Entrance Examination Board. This form is revised annually by the College Scholarship Service, an activity of the College Entrance Examination Board, and is supplied without cost to high schools for distribution to students who have been advised by colleges or scholarship sponsors to submit the Parents' Confidential Statement. The form may also be obtained by writing to either of the College Entrance Examination Board addresses: Box 592, Princeton, New Jersey; or Box 27896, Los Angeles 27, California.

Recently an alternative system of needs analysis was announced by the National Merit Scholarship Corporation. The new approach is described as eliminating "certain value judgments inherent in most systems; is easily explained and understood; and, in the case of governmental agencies, is checkable" with authorization of family against income tax returns. "Quite simply, the system differs from others in its acceptance of the Federal income tax paid by families as the key to differentiating family ability to pay, rather than depending upon more intricate and involved concepts." [*33*] The new procedure followed the observation that in uncomplicated situations in the middle-income ranges there was little difference between the CSS procedure expectation and the amount paid in Federal income tax. The simplified financial information form and information on the determination of stipends are reproduced in Appendix B–2.

> The system works quite simply. Where there is general stability of family income (as is the case with most salaried employees), NMSC expects the family to contribute the same amount from income as the family will pay in Federal income tax if only the standard deductions are claimed ($600 per exemption and 10 percent of their adjusted gross income). In those few cases where the amount of income tax paid suggests a higher income than reported or there is a major unexplained decrease in income estimated for the coming year, the family is expected

> to contribute an amount equal to the average income tax paid during the three years reported on the form.
>
> Relatively few cases require special consideration in the Federal income tax approach to needs analysis. NMSC allows an amount equal to the annual cost of major, continuing medical expense directly against net income and expects a college contribution equal to the amount of tax the family would pay on this adjusted income.
>
> The new system incorporates all of the general provisions of the Federal income tax system and allows as deductible business expenses those which are allowed by the Federal Government. [*33*]

Copies of the Financial Information Form and of the expectancy tables, and of other information relating to their procedures, may be obtained by writing to the National Merit Scholarship Corporation, 1580 Sherman Avenue, Evanston, Illinois.

It will be noted that the Special Advisory Group in its report to the Commission on Federal Relations (see Appendix A) presented a formula based on a "stipend of $800 minus income tax paid."

Whether an income tax procedure or some other procedure is used in determining need, the basic problem of "need for what" still remains: Aid to attend *an* institution of higher learning or aid to attend a *selected* institution. A related problem is whether the recipient of a Federal scholarship would be allowed to accept an additional scholarship from another source, thus increasing the number of possible choices of institutions.

Should scholarships be limited to areas of national need?

The academic discipline to be followed by the applicant or the vocational or professional field to be entered may be important considerations in a Federal scholarship program. National interest may require an increasing number of scientists, or engineers, or teachers. Whether scholarships should be limited to certain fields would have to be determined in establishing criteria. The National Science Foundation with authority to award scholarships in science has not chosen to do so, and New York State discontinued its engineering and science scholarships in 1962.

A genuine problem exists in the determination of whether a person with tremendous academic potential in many areas but no interest in

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"critical" areas (that is, no desire to be a teacher, engineer, scientist) is to be denied a grant which would go to another with interest in one of these fields but with less ability. There might be legislative sentiment for grants in restricted disciplines, but educational sentiment is for grants without reference to interest.

Undoubtedly grants would be made without reference to race, sex, color, or creed. But geographic factors probably would have to be considered, and probably a percentage-by-states, based upon a measure of population, would result. Perhaps it would be possible to make a small percentage of awards on a national basis before state (or regional) quotas are met, thus achieving a compromise between selecting the best and selecting the best within states.

Can—and will—the states do the job?

The answer to this question is probably no. Those states with scholarship programs are among the wealthiest states, whereas the need probably is greatest among the poorer states, for in these both family and per capita income tend to be relatively low.

Can—and should—the student work his way through college?

Many people who worked their way through college seem to feel that because they did it, capable but needy students of today should also be able to solve their problems through work. They tend to overlook two things: The rapidly rising cost of higher education and the substantially higher standards. It is still possible for a student with sufficient ability and sufficient motivation to work his way through college—or to go a long way toward doing so. But it is much more difficult today to earn the total cost of a college education while attending college; and because of increased academic requirements it is more difficult to get through—or remain in college—than it was in a past generation. The cost to a student in time, in effort, and in the sacrifice of full opportunity to learn may be so great, particularly if he cannot attend college near home, as to be almost prohibitive. And "working one's way" becomes relative. Probably few of those who make such a claim actually did so entirely; many received help in some form.

Studies show that large numbers of students today are working to help pay their college expenses. (At the University of Wisconsin, for instance, 91 percent of the undergraduate men and 77 percent of the undergraduate women had summer jobs. [*67*]) A Federal program of scholarships would help only those whose financial condition makes it practically impossible to attend college without both the scholarship and employment on a summer or part-time basis (unless special provision were made for acceleration by summer attendance).

Would scholarships increase use of college facilities?

It is generally accepted that the greatest need in higher education today is for increased physical facilities to take care of the increasing number of students. At the same time, it is widely recognized that many college students do not accelerate their programs by attending summer sessions or year-round programs and that many college facilities are unused in the summer. As mentioned earlier, at the University of Wisconsin, 91 percent of the undergraduate men and 77 percent of the undergraduate women found it necessary to work at least part of the summer and, therefore, could not make use of the summer sessions. Fifteen percent of the men and 13 percent of the women reported employment but no savings. Of those with summer savings, the median for men was $437 and for women $294, of which $414 and $265, respectively, were applied to educational expenses. Both sex and curricula apparently were related to savings. Illustrative undergraduate median savings were: commerce, $502; engineering, $498; agriculture, $467; education, $333; home economics, $285; nursing, $225. Student employment was also related to program, with agriculture, pharmacy, and engineering above 90 percent, and nursing under 65 percent. [*67*]

The study pointed out that to increase summer enrollments substantially "it would be necessary to expand scholarship and/or loan programs and to explore other means. . . ." In many instances the additional amount needed would be very small. A Federal program of scholarships probably would have little influence toward expanding the use of present facilities, for need for summer employment probably would be greatest among this group. However, should a Federal program be approved, it could contain a provision for extra stipends for those who attend college throughout the year. In fact, the expansion of scholarship funds *for summer use only* might aid in the resolution of problems relating to student needs as well as the needs for faculty and facilities.

Administration of a Federal program

Possibly the manner in which a Federal scholarship program might be administered raises as many questions as does the more basic question of whether there should be a Federal program. In fact, the problems of dollar amounts to the individual, method of selection, and method of control, which might appear to be only technical-administration problems not too difficult to solve turn out to be issues of great importance. Thus, while some individuals believe the colleges and universities are best qualified to administer scholarship funds and that, therefore, Federal funds for scholarships should be administered by them, others favor a state commission. The Association of Independent California Colleges and Universities in its *Statement of Position on Federal Scholarships* [9] stated: "The Federal Scholarship Program should be administered by the state scholarship commissions under the general supervision of the United States Office of Education."

The First Report and Second Report* of the Special Advisory Group on Federal Scholarships to the Commission on Federal Relations represent a carefully developed proposal for a Federal scholarship program administered by the colleges and in which Federal appropriations would be divided into state quotas using a formula proposed in Section 205(a) of S. 1241 that stipulates that the state quota should be determined "one-half on the basis of the relative number of individuals graduating from high schools and one-half on the basis of their relative populations aged fourteen to seventeen, inclusive." This approach would tend to encourage college attendance by placing relatively large amounts of money in states where college attendance rates are now low and high school dropout rates high.

Implications of a Federal program for admissions

What are the implications for college admissions if a Federal scholarship system should be established? Before attempting to answer this question it is necessary to point out that the implications would depend, in part, on the nature of the Federal system, the size and number of grants, eligibility, restrictions, and other conditions imposed on the administration of the program. Therefore, answers to the question must be speculative.

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* The First Report, Second Report, and Supplementary Report appear in Appendix A.

Implications for "college admissions" fall in two general areas: the numbers involved and the procedures involved. One can only hope that a Federal scholarship program, or any large new program, would add to the number of capable students seeking entrance to college. Possibly the most important single contribution to admissions that a large Federal program could make is through the assurance it would provide. If a large number of Federal scholarships were available to students of low-income families, children could look forward to college attendance *if they could qualify;* teachers at all levels could offer *hope* to talented students; and students with ability would be deprived of the excuse "I didn't have the money" for not attending. This would have basic societal implications.

An increase in the number of applications from the talented group should follow in time—not necessarily immediately—the establishment of a large scholarship program. This increase, however, would not necessarily add to the burden of numbers *admitted,* but it might add to the numbers *applying.* If the grants were small, they would cause little change in the numbers admitted to the more costly institutions. The *identification* of these students—both at an early date and later through the selection process—might enable some of the more expensive institutions with large scholarship funds to make larger awards to the students in this new group, and thus take them off the Federal scholarship list. If this did not happen, then the smallness of the grant would compel them to attend less expensive institutions. The "burden" might then fall largely on public institutions—state and local. In fact, there is some evidence that students of low socioeconomic status prefer local rather than distant prestigious institutions.

But the addition of even large numbers of applicants from a "needy but talented" category should not place an unwanted burden on many state institutions. In the first place, many land-grant colleges have the legal right to be selective, and second, all of them (and all other institutions) should be able, if necessary, to accept fewer less qualified applicants in order to take better qualified applicants. If both of these procedures fail, then the institutions could—as they do now—eliminate the least successful students. Statements that a large scholarship program would put an increased burden on the institutions, therefore, seem totally inadmissible. The function of such institutions is to educate those most likely to profit by education—not just those who can afford it—and the addition of numbers from the "needy but talented" category does not change that function. In fact, for publicly supported institutions, it *is*, in large part, the function.

A Federal scholarship program would have by-products for the culturally deprived. It would offer encouragement, and act as a motivating force for more and better education. Its effect could reach down into the elementary schools. It should be looked upon as a conservation program, not as a welfare program. Both the individual and the society of which he is a part should be developed as far as possible, and the development of each depends upon the development of the other.

The implications for college admission may be summarized as follows. Small scholarship grants would not add to the admissions problem of expensive institutions because the grants would be inadequate for these institutions. These institutions, however, might divert some of their present scholarship funds to this new group and improve the use of their money and, possibly, the quality of their students. Public institutions might, and should, receive additional applications from this group. Most of them have the right to be selective—to take "good" rather than "all" students—and would simply improve the quality of the student body by more rigorous selection. If that could not be done, that is, if the institution has to take all applicants, it still has recourse to guidance or to academic attrition.

Thus a large scholarship program—Federal, state, or private—does not have to be a burden on the institutions. On the contrary, it should be a most welcome asset by potentially increasing the quality of its students, its processes, and its products.

As to the techniques of admission, a large scholarship program would add little burden to the admissions office. Such programs probably would depend on class rank or tests for selection. Admissions officers are accustomed to these.

Arguments will be raised against the use of tests for identifying talented students, saying that talent cannot be measured by tests. The argument has some merit, for tests are not infallible; and some kinds of talent may not be so measured. However, the argument is against the technique, not the philosophy. If better screening and selection methods are needed, they should be developed. Existing scholarship funds under institutional or individual control might be diverted to those students with "untestable talents." This is one of the advantages of free educational enterprise—experimentation can take place.

Increasing the variety of aptitudes to be considered in college admission—and necessary to fill the needs of society—would increase the number of potential college students. Research on ability, on college success, and on the needs of society should lead to refinements in the selective process, but tests now available could initially identify many with talents which, at present, will not be developed.

Implications of a Federal program for administration of aid

There are many problems to be resolved related to the administration of scholarship aid as separate from the admissions process. What should the award be in dollars? What should it cover? Should students be limited in the distance they might travel? That is, should scholarship funds be spent for travel? Should the scholarships be awarded on a state basis? A regional basis? A national basis? That is, should scholarships be awarded according to some formula related to the population of the states? If awarded according to population, should the awards be based on total population, on number of high school graduates, or on some other formula? If national interests should take priority over regional and state interests, are these better served by awarding scholarships to the most capable, regardless of where they live, or by forced geographic differentials (as in the National Merit Program). How should selections be made? What agency, or agencies, should be responsible for administration? Should grants be made only to certain categories, such as physics majors, or should they be open?

Data and experience to date will help answer some of these questions; but neither data nor experience can serve as a guide to answering others.

The scholarship picture is not clear. There is no unified program of aid, no one source of information, and no consistent pattern to the scholarship programs in colleges and universities, in the states, or in the agencies. There are many programs and books of information about scholarships. Several are listed in the Bibliography. [*8, 39, 41, 52, 72, 73, 127*] In only a limited number of states can a capable, needy student, unless he is in the top 1 percent, be assured of financial help, and then only because of action by the states. The situation that most needy high school graduates must face is one of near chaos and chance.

Data on a study of offers of aid in ten colleges are given in Table 31. Although "*in toto* 27 percent of these awards were for scholarships only, in one institution 99 percent were for scholarships and in another only 2.0 percent." [*90*, p. 447] In one institution the average scholarship was $72 but in another it was $1,364. One report [*88*] pointed out that in some colleges as many as 40 percent of the students may have scholarship funds, while a U.S. Office of Education study [*148*] showed that many colleges had no scholarship funds. Sources of funds, eligibility, regulations, and types of assistance are almost as numerous and varied as the agencies and individuals making the grants. It is not surprising in the face of this complexity, that scholarship winners so often come from middle and upper socioeconomic groups—those more accustomed to paper work.

TABLE 31: OFFERS OF STUDENT AID BY TEN COLLEGES
(For students entering in 1960)

TYPE OF ASSISTANCE	SUMMARY PERCENT	PERCENT OF AID OFFERS, BY TYPE, FOR EACH COLLEGE									
		A	B	C	D	E	F	G	H	I	J
Scholarship (only)	27.0	40.0	99.0	13.3	76.5	15.8	6.5	12.7	16.3	2.0	23.4
Job (only)	.6	1.0	1.0	.....	.....	.4	1.6	.....	.2	3.1	.....
Loan (only)	2.4	3.0	.....	.....	.3	7.7	.....	11.2	1.6	.....	.5
Scholarship and job	13.0	9.0	.....	1.3	7.5	29.7	13.6	4.0	.3	17.1	51.3
Scholarship and loan	14.0	31.0	.....	.....	12.0	16.6	.....	9.3	53.5	.....	6.6
Scholarship, job, and/or loan	38.0	14.0	.....	85.4	3.7	26.8	55.6	58.5	27.6	72.3	15.8
Job and/or loan	5.0	2.0	.....	.....	.....	3.0	22.7	4.3	.5	5.5	2.4
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Rexford G. Moon and John M. Stalnaker, "The Business of Financial Aid," *College and University*, XXXVII, No. 4 (Summer 1962).

Colleges and universities appear, as would be expected, to limit their financial aid to their own applicants. An aggressive policy of inducing students to apply will extend the possible application of funds. Area, state, regional, or national approaches might be less oriented to the problem of getting good students to attend a particular college. Financial aid to the student should be organized in such a way that the primary concerns are with aid to the talented and needy student and with broad national needs. At present each Federal agency formulates its own policies and procedures and makes individual arrangements with individual institutions. The point is made that "many agencies are . . . in competition with each other for the services of the same students in the same institutions." [*87*, p. 41] Each institution of higher education determines who receives financial aid and how much, although the College Scholarship Service does provide a central source of suggestion, if not control. [*82*] However, "despite the manful efforts of the College Scholarship Service, there is still fierce and expensive competition for top scholars in good schools, and no cooperative effort worth the name for the discovery and encouragement of buried talent." [*82*] Each individual, club, organization, or business that awards aid makes its own determination of criteria and of amounts. Even within the framework of the National Merit Scholarship Corporation, each sponsor may—and does—exert a control beyond that readily understood by the public. ". . . each of the independent Merit scholarships listed on pages iii through vi has its own specifications, and there are approximately 180 of them listed." [*96*] If diversity is truly the foundation of strength in higher education, as has been claimed by some, then financial aid to the student must be its strongest component.

10. Conclusion

THERE ARE ECONOMIC BARRIERS, and particularly socioeconomic barriers which deprive capable students of a higher education and deprive the nation of their services at the level at which they could perform. The question is not: Should these barriers be removed? The question is: How should the barriers be reduced?

> Differences in educational opportunity will never be completely eradicated, but they must be reduced in scope and significance. Americans rightly resent the disparities of social background and the prejudices which limit the recognition of talent wherever it occurs. They will continue to do so as long as such disparities and prejudices exist. [*47*, p. 7]

The task is not yet being done satisfactorily by the states, by private individuals and organizations, or by the colleges and universities. The data show conclusively that there is a segment of the population with insufficient funds to educate their children to the maximum level of capability. There is no reason to assume that national needs for educated manpower will diminish; in fact, the evidence is that needs will increase. All youth with talent are *not being identified early enough*—or at all—to provide them with the incentive and the education they need.

A Federal scholarship program designed *to identify,* in time, those students with great potential, *to encourage* able students to develop their talents, and *to help* students regardless of the low socioeconomic conditions of their families by making available small scholarships and by providing hope would go a long way toward reducing the barriers to equal opportunity.

Is there an *acceptable* alternative?

APPENDIX A

Reports of the Special Advisory Group on Federal Scholarships to the Commission on Federal Relations, American Council on Education

First Report,* January 15, 1962

It is assumed that the basic purpose of a Federal scholarship program is to bring higher education within the reach of able, needy young people who at the present time are, for financial reasons, being denied that education.

In seeking to devise a reasonable plan by which a Federal scholarship program might be administered by the colleges, our committee identified three major problems: (1) how can the Federal appropriation be distributed reasonably, and in keeping with the purposes of the program, to the colleges; (2) how can there be assurance that the funds, when distributed, will reach "needy" students; and (3) how can there be assurance that these students will also be "able"? We believe that these and a number of related problems can be answered, and the purposes of the program met, if a scholarship bill contains the following provisions:

1. The Federal appropriation should be divided into state quotas, using the formula already proposed in Section 205(a) of S. 1241. This formula stipulates that the state quota shall be determined "one-half on the basis of the relative number of individuals graduating from high schools and one-half on the basis of their relative populations aged fourteen to seventeen, inclusive." This approach, as opposed to the NDEA formula which bases state quotas on enrolled college students, would tend to encourage college attendance by placing relatively large amounts of money in states where college attendance rates are now low and high school dropout rates high.

2. The Commissioner of Education should draw up a list of institutions of higher education eligible to participate in the program, using as a basis for determining eligibility the definitions contained in Section 301 of H.R. 7215, but eliminating the phrase "if not so accredited, is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited." Our committee strongly doubts that unaccredited colleges can participate effectively or well in a Federal scholarship program. More important, however, from the practical point of view, is the fact that such institutions are likely to have enrollments so small that their share of any

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* The First Report was submitted by John F. Morse (chairman), then vice-president, Rensselaer Polytechnic Institute; Charles C. Cole, Jr., dean, Lafayette College; Herbert O. Farber, vice-president, University of Illinois; and John U. Monro, dean, Harvard College.

Federal appropriation would be too small to establish a meaningful program.

3. The Commissioner shall notify eligible institutions of their right to participate in the program, invite them to apply for an allocation of funds, and at the same time notify them of the minimum size of allocation to which they would automatically be entitled.

4. This automatic entitlement should be a percentage of the state quota equal to the percentage each institution's full-time undergraduate enrollment bears to the total full-time undergraduate enrollment in the state. The enrollment figures to be used should be determined by the Commissioner (in the language of S. 1241) "for the most recent year for which satisfactory data are available to him." Our committee would point out, however, that in the common meaning of the term "undergraduate"—the first four or at most five post-high-school years—present Office of Education figures are, in some cases, misleading, since they are based on programs leading to the bachelor and first professional degrees. Thus Harvard University, with an "undergraduate" college of 4,500 is listed by the Office of Education as having 8,500 "undergraduates."

5. In applying to participate, the colleges could request the precise amount of their entitlement or less without having to justify the request. They should also be given an opportunity to apply for more than their automatic entitlement, submitting such evidence as the Commissioner might require of the need for or the ability to make good use of additional funds.

6. If a state's quota was completely exhausted through the automatic allocations (i.e., if every eligible institution participated and asked for its full entitlement), no supplemental requests within that state would be considered. If, however, a state's quota were undersubscribed, supplemental requests would be considered and judged for reasonableness much as such requests are now considered for the National Defense Loan Program.

7. The individual colleges should be responsible for determining the financial need of each scholarship recipient, but with one restriction: no Federal stipend should be larger than $800 *minus* the amount of Federal income tax paid by the parents of the recipient.

Our committee feels strongly that this stipulation is the keystone in the entire structure it is seeking to build. It gives assurance that the Federal scholarships would go to the needy, and it provides an easily determined national bench mark for determining the degree of need. The rationale for this particular formula is as follows. Studies by the College Scholarship Service, by a number of individual institutions, and by the National Merit Scholarship Corporation indicate that parental contributions toward college are approximately equal to the amount paid in Federal income tax. Our committee believes that any young person with $800 a year available to him can go to college. This formula would tend to assure every scholarship recipient of that amount of support in combined Federal stipend and parental contribution. The additional funds he would need in order to attend all but the lowest cost institutions he should be able to secure through work, loans, and institutional scholarship funds. Attached to this report is a table indicating the maximum Federal stipends that could be paid at various income levels if this formula were adopted. [See facing page.]

8. To assure that scholarship recipients would be "able," the Commissioner should be authorized to establish, by regulation, certain minimum academic standards which must be met by a student entering college from high school if he is to be awarded a Federal scholarship. Our committee would suggest a pattern comparable to that established for deferment from Selective Service, which requires either a given test score *or* a certain rank in class. For example, a scholarship might be awarded only if the recipient had made a score on a national test equivalent to the upper quartile of the high school graduating class norms, *or* have graduated in the upper quarter of his high school class. This dual approach would tend to protect both those students who might rank relatively lower in a highly competitive high school and the able young persons in the disadvantaged areas of our country who do as well as it is possible to do in their own schools, but are under serious handicaps when faced with exisiting objective aptitude tests.

9. With the above restrictions regarding maximum stipends and academic standards to be met by entering freshmen, the colleges should be given complete freedom to select scholarship recipients as they see fit and to renew these scholarships for a maximum of four years. Thus they might make awards to upperclassmen to prevent their dropping out, to junior college graduates transferring to senior institutions, and to part-time students to enable them to study full time, as well as to entering freshmen. All these areas are ones where talent is lost, and the colleges themselves can best determine what percentage of their funds should be used in each particular area.

10. Although time did not permit a thorough study, our committee did look into the question of whether the distribution formula suggested in Point 1 above would lead to the allocation of absurdly small amounts to some institutions. Using the tables prepared during the hearings on H.R. 5266, we came to the conclusion that an appropriation of $17.5 million would lead to the allocation of $750–$1000 in some of the smaller institutions, enough for one, or at the most two, scholarships. We believe that an appropriation of $25 million would be a more appropriate level at the start, with the appropriations rising by $25 million a year until they reached $100 million. Even this steady progression would not make allowance for the expanding high school population. Furthermore, we believe that with this attack on the financial aspect of college attrition, larger numbers of students would be able to stay in college and the program's very success would, therefore, like the success of the loan program, generate its own need for additional funds. Quite clearly an appropriation of less than $17.5 million would make almost unworkable a college-administered program.

Our committee believes strongly that a program built around the above proposals would work and would achieve well the purposes of [illegible] Federal scholarship bill. At the risk of seeming overly insistent, however, we must stress the interdependence of these proposals, since we feel that to remove or seriously alter any of them would be likely to weaken drastically the structure of a college-administered plan.

APPROXIMATE FEDERAL SCHOLARSHIP STIPENDS AT VARIOUS INCOME LEVELS AND FOR VARIOUS-SIZED FAMILIES

Gross Family Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
$1000........	$800	$800	$800	$800	$800	$800
1250........	800	800	800	800	800	800
1500........	800	800	800	800	800	800
1750........	800	800	800	800	800	800
2000........	780	800	800	800	800	800
2250........	730	800	800	800	800	800
2500........	690	800	800	800	800	800
2750........	640	760	800	800	800	800
3000........	600	720	800	800	800	800
3250........	550	670	790	800	800	800
3500........	510	630	750	800	800	800
3750........	460	580	700	800	800	800
4000........	420	540	660	780	800	800
4250........	370	490	610	730	800	800
4500........	330	450	570	690	800	800
4750........	280	400	520	640	760	800
5000........	240	360	480	600	720	800
5250........	190	310	430	550	670	790
5500........	150	270	390	510	630	750
5750........	100	220	340	460	580	700
6000........	60	180	300	420	540	660
6250........	0	130	250	370	490	610
6500........	....	90	210	330	450	570
6750........	....	40	160	280	400	520
7000........	....	0	120	240	360	480
7250........	....	....	70	190	310	430
7500........	....	....	30	150	270	390
7750........	....	....	0	100	220	340
8000........	....	....	....	60	180	300
8250........	....	....	....	0	130	250
8500........	....	....	....	....	90	210
8750........	....	....	....	....	40	160
9000........	....	....	....	....	0	120
9250........	....	....	....	....	....	70
9500........	....	....	....	....	....	30
9750........	....	....	....	....	....	0

Second Report,* March 23, 1962

The Advisory Group has been asked to devise a reasonable plan by which a Federal scholarship program might be administered by state commissions. In its deliberations, the committee identified four major areas for consideration. (I) What are the advantages of a scholarship program administered by state commissions compared with other types of administration? (II) What should be the controlling elements of such a program? (III) What changes should be made in existing proposed legislation to incorporate these desirable features? (IV) What objections are there to administration by state commissions? How valid are these objections and how can they be met?

Before reporting on these four subjects, it seems advisable to reiterate what, in our understanding, is the basic objective of a federally supported scholarship program. It is assumed that its purpose is to provide the opportunity of a college education to qualified students who would otherwise be denied it for lack of financial resources. Implicit in this objective is the assumption that it is in the national interest to seek out those able high school students who for financial reasons cannot receive a higher education and to assist them through scholarship aid. This means, in our opinion, that a Federal scholarship program must ensure that scholarship funds are not wasted on those who do not need them and that there must be a dynamic program of talent searching in every state.

I. Administration of a Federal scholarship program through state commissions appears to have the following advantages:

1. The dramatic impact of a large program in every state would have a stronger effect in salvaging lost talent than a program administered by hundreds of colleges and universities.

2. State-wide administration through commissions would avoid the overlapping and duplication of effort that would exist if some 1500 different institutions were administering Federal scholarships.

3. State commissions should be able to reach the remote areas not usually visited by college admissions and financial aid officers.

4. State commissions would have an incentive to work with secondary school officials at different grade levels. Colleges, because of limited resources, must usually limit their talent search and identification to twelfth grade students.

5. Under state commission administration, there should be better assurance that the ablest needy students in each state would be aided; whereas

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* The Second Report was submitted by Charles C. Cole, Jr. (chairman), dean, Lafayette College; Herbert O. Farber, vice-president, University of Illinois; Arthur S. Marmaduke, executive director, California State Scholarship Commission; and John U. Monro, dean, Harvard College. The Supplementary Report was also by this group.

under college administration, institutions are usually limited in their aid to those who apply for admission.

6. Under state commission administration, there would be greater freedom in selecting the institution which would best fit the individual's economic and educational needs.

7. Under state commission administration, there would be a maximum opportunity afforded each state to create a scholarship program best suited to the needs of that state and to the characteristics of secondary and college education in that state.

8. The talent search and student selection procedures now in use in many states could be employed and strengthened if there were state commission administration.

9. Under state commission administration, the allocation of funds could be made more simply and firmly.

II. We recommend that the following main lines of control be incorporated in a Federal scholarship program administered by state commissions:

Appropriations. In order to get a strong enough effect in talent searching and encouragement to justify the administrative expense, a minimum of $17.5 million should be appropriated for scholarships in the first year of operation. Twenty-five million dollars would provide for a more effective scholarship program and is justified by our current rate of talent loss.

The Amount of Scholarships. The size of the stipend should be based on the financial need of the recipient and his parents and not on college expenses. The Advisory Group on a College Administered Scholarship Program recommended that the maximum stipend should not exceed $800, minus the amount of Federal income tax paid by the parents of the recipient. We realize that this may be considered too severe a ceiling to impose and that some moderate liberalization of this limit might be made. As one fundamental consideration, we would wish to ensure that those recipients who choose to attend low-cost or no-tuition institutions not receive grants considerably in excess of their educational costs. We see small value in the award of certificates of merit to those scholarship winners without financial need unless the certificate might be used to assure the recipient of a stipend during his upperclass years, if his parents encountered financial difficulties.

Duration of Scholarships. Scholarships should be awarded for four academic years, or the time needed for completion of the work for the student's first bachelor's degree. The recipient should maintain satisfactory progress.

Selection of Recipients of Scholarships. To be eligible, candidates should be attending high school, or should have graduated from high school within the previous twelve months and not have been previously enrolled full time in any course of study at an institution of higher education. Candidates should be eligible to compete in that state in which they are living or, if not living in any state, in that state in which they are domiciled.

Allotment of Appropriations. Appropriations to state commissions should be divided on the following formula: one-half on the basis of the relative number of individuals graduating from high schools in the respective states and one-half on the basis of their relative populations aged fourteen to seventeen, inclusive. This is the formula proposed in Section 205 (a) of S. 1241 and, in our opinion, would be a very practical formula to encourage college attendance by placing relatively large amounts of money in the states where college attendance rates are now low and high school dropout rates high.

We further recommend that if a state's original quota of scholarship funds is not utilized, such unallocated funds should be reapportioned by the Commissioner of Education to those states where quotas have been used and whose state commissions request additional funds.

State Commissions and Plans. Any state desiring to participate in the scholarship program should establish a commission which should include representatives from high schools and colleges and representatives of the public. The state commissions should draw up plans for the selection of scholarship recipients, such plans to be approved by the Commissioner of Education. The selection of scholarship winners should be on the basis of academic achievement and ability.

Selection of Institution. An individual awarded a scholarship under the program should be permitted to attend any accredited institution which admits him.

Cost of Education Allowance. In order partially to compensate institutions of higher education for expenses incurred in excess of tuition and fees, a cost of education allowance of $350 should be paid to each institution for each scholarship holder attending that institution under the program. The program will be sending many additional students to college, requiring in some institutions an expansion of faculties and facilities. This allowance would help colleges meet these new expenses.

Implementation of Program. In order to provide sufficient time for state commissions to be organized and for the scholarship program, with its talent search, to be implemented, there should be a period of approximately one year between the passage of legislation and the award of the first scholarships.

III. In the course of our deliberations, we examined the pertinent sections of S. 1241 to ascertain whether, in our opinion, this legislation is worthy of support. In general, we approve of the provisions of S. 1241 as they relate to a Federal scholarship program and recommend its endorsement. If there were opportunity to amend this bill, we believe that the following proposed changes would improve it:

1. Section 202 (a). We recommend that the maximum figure of $1,000 in line 7 be replaced either by the maximum figure "$800 minus the amount of Federal income tax paid by the parents of the recipient," or by a maximum figure less than $1,000 if the former formula is considered too severe a ceiling to impose. This proposal is made in order to ensure that financial assistance

goes to the most needy and that no scholarship recipients choosing to attend low-cost or tuition-free institutions receive awards greatly in excess of their educational costs.

2. Section 204 (a). We recommend that the following be added after the word "attending" in line 8: "or has graduated from within the previous twelve months." We believe that at least at the beginning of the program's operation, recent high school graduates who have not attended college full time should be eligible for consideration along with those students still in high school.

3. Section 206 (a). We recommend that the phrase "broadly representative of high schools and colleges, and of the public" on lines 23 and 24 be replaced by the phrase, "which shall include representatives from high schools and colleges and representatives of the public." We believe that the state commissions should have strong professional representation from faculties and administrative staffs of the schools and colleges and that the proposed change would help to ensure this representation.

4. Section 206 (a) Number (2) (A). We recommend that the phrase "objective tests and other measures of ability and achievement" on lines 20 and 21 be replaced by the phrase, "academic achievement and ability." Although it is likely that standardized tests would be employed by many state commissions in selecting scholarship winners, we believe it is unwise to legislate a requirement that these tests be "objective" tests. The phrase "objective tests" may seem reassuring to some but is, in our opinion, too ambiguous and restrictive to use in legislation. We would not wish to require "multiple-choice" tests of our whole school and college system. Furthermore, we believe that state commissions should have more freedom than this section, as presently phrased, would permit them. They should be able to take into account the quality of preparatory work in various schools and variations in school and home environment. They should also have some flexibility to select winners primarily on the basis of grade point average or rank in class if this seemed suitable to the needs of the state.

5. Section 207. We recommend that the word "accredited" be inserted before "institution" in line 10. Although we are aware that it may be possible to receive a good education at some nonaccredited colleges, we are concerned about the danger that scholarship recipients may attend so-called diploma mills, and we believe that the insistence that the recipients attend only accredited institutions is a justifiable safeguard.

IV. The committee considered a number of objections which have been raised to administration by state commissions:

1. It has been asserted that administration by state commissions would place heavy reliance on objective tests. This is a matter of concern, and we note that the same criticism could well be raised with regard to some college scholarship programs as well. We believe that the liberalizing change we propose for Section 206(a) of S. 1241 would help meet this objection.

2. Some fear that under a state commission program too many scholar-

ship recipients would concentrate in a few prestigious or high-cost colleges. We believe this concern to be unfounded. The small size of the maximum awards will tend to encourage students to attend college locally if they can. Given some 25,000 scholarship holders to be accommodated and the relatively small size of the stipends, a concentration of Federal scholarship winners in a few institutions seems to us unlikely.

3. The objection has been raised that if stipends are to be set without regard to the cost of education, some winners attending low-cost colleges might perhaps receive more money than their educational costs. The revision of Section 202 (a) which we propose should minimize any adverse effects which might result from this possibility. Furthermore, the proposed legislation speaks of "maximum" awards; this could still permit a state commission to award a student no more than his college costs if it so desired.

4. Another concern is the possibility of political or public interference in state commission administration. We believe that with the safeguards written into S. 1241 there is no more liklihood of this danger than in any other type of administration. The existence and efficient operation of state scholarship programs currently administered by state commissions appear to indicate that this approach is workable. However, the revision of Section 206(c) which we propose should ensure that some of the state commission membership would consist of high school and college educators whose experience and knowledge of scholarship policies and procedures, and their prestige, should strengthen commissions against possible outside pressures.

We believe that the program outlined above is worthy of support by the Commission on Federal Relations. We also believe that it would be a more effective program than the one which we outlined in our report of January 15, 1962. However, we believe that either program merits endorsement and that the need now is to press for some Federal scholarship program in order to reduce the tragic loss of talented students from our schools and colleges.

Supplementary Report, March 23, 1962

During the course of our discussions recently, we considered the implications for a Federal scholarship program in the Report entitled "Congressional Action for Higher Education" of the Advisory Group on Higher Education of the Committee on Education and Labor of the House of Representatives, dated January 1962. There are three recommendations in this report of which we believe you should be apprised.

Recommendation 9 reads as follows:

> That an institution of higher education may use up to 15 percent of the annual combined Federal and institutional capital contribution to its NDEA stu-

> dent loan fund to make financial assistance grants of up to $1,000 a year each to promising but exceptionally needy undergraduate students and that in order to ensure that these grants-in-aid are awarded only to students who could not otherwise continue their education, no student shall be eligible to receive such a grant if the income and/or assets of such student and of his family or guardian exceed ceilings to be specified under regulations of the Commissioner of Education.

We believe that this recommendation contains all the disadvantages and none of the advantages or controls contained in the proposed Federal scholarship program contained in S. 1241. It confuses the objectives of the NDEA loan program with those of a scholarship program. It would subject the structure for allocating loan funds to institutions to additional pressure. It would create additional administrative problems connected with the NDEA loan program and would be susceptible to chaotic implementation.

Recommendation 10A reads as follows:

> That an institution of higher education may cancel a portion of an undergraduate student's loan for any year or years in which his academic achievement is deemed outstanding under criteria established by the institution and approved by the Commissioner of Education provided that the total of such cancellations in any year does not exceed an amount equal to 10 percent of the annual combined Federal and institutional capital contribution to its NDEA student loan Fund.

We believe that this recommendation is financially unwise and educationally unsound. It breaks down the idea of the integrity of a loan, places heavy emphasis on the acquiring of high grades, puts a premium on the wrong kind of educational achievement, and would be susceptible to inconsistent and unjust implementation.

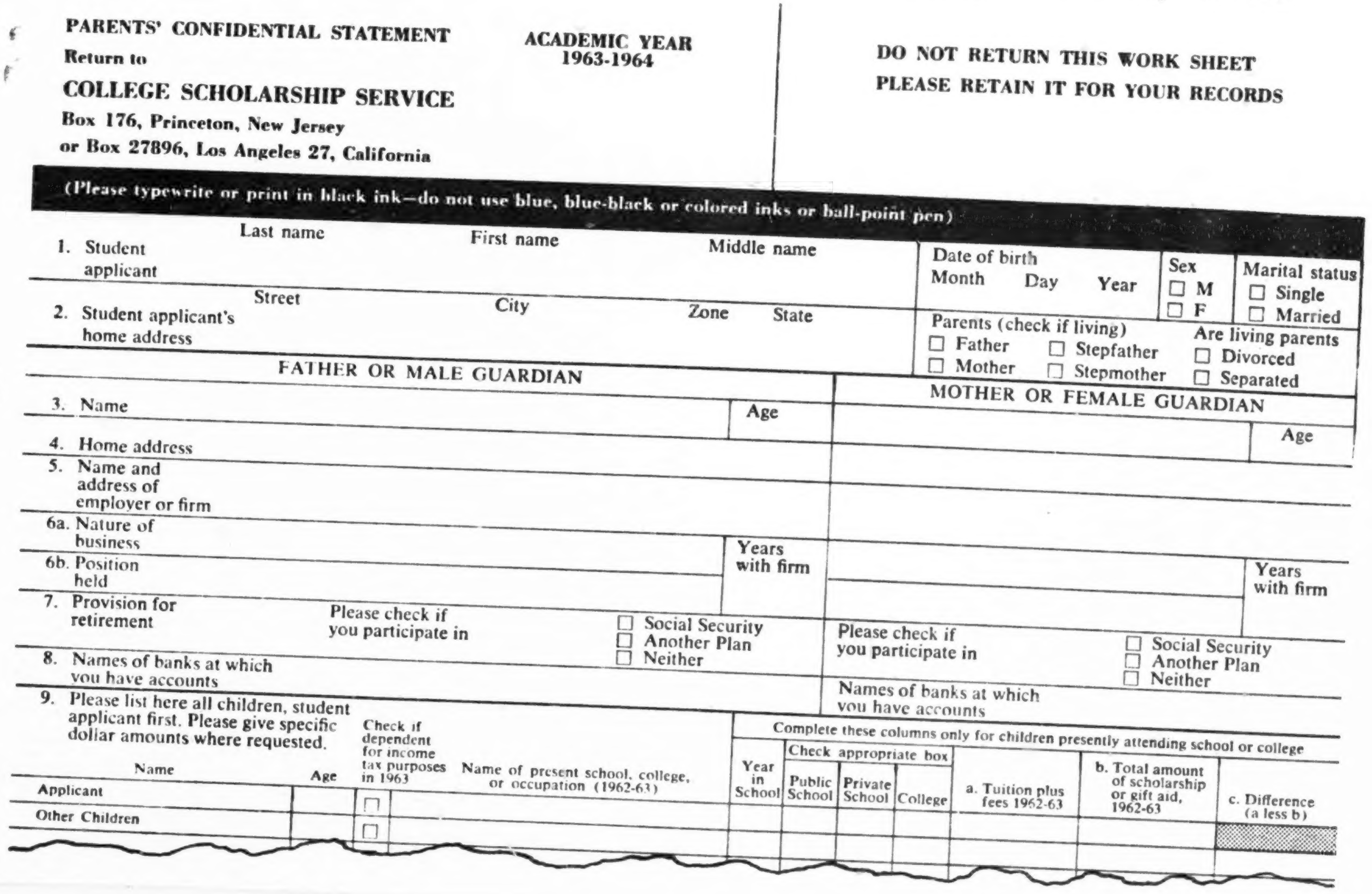
Recommendation 10B reads as follows:

> That the provision for cancellation of up to 50 percent of a loan for public school teaching be eliminated with respect to all students whose first loan from an NDEA loan fund is received for an academic year beginning after June 30, 1962.

The reasons for having a forgiveness provision for recipients of NDEA loans who enter public school teaching appear to be as applicable in 1962 as they were in 1958, and we question the value in dropping this provision now that it is part of the law.

In view of these considerations, we recommend strong opposition to these three proposals.

APPENDIX B–1: Parents' Confidential Statement of the College Scholarship Service



PARENTS' CONFIDENTIAL STATEMENT
Return to
COLLEGE SCHOLARSHIP SERVICE
Box 176, Princeton, New Jersey
or Box 27896, Los Angeles 27, California

ACADEMIC YEAR
1963-1964

DO NOT RETURN THIS WORK SHEET
PLEASE RETAIN IT FOR YOUR RECORDS

(Please typewrite or print in black ink—do not use blue, blue-black or colored inks or ball-point pen)

1. Student applicant — Last name — First name — Middle name — Date of birth: Month Day Year — Sex: ☐ M ☐ F — Marital status: ☐ Single ☐ Married

2. Student applicant's home address — Street — City — Zone — State — Parents (check if living): ☐ Father ☐ Mother ☐ Stepfather ☐ Stepmother — Are living parents: ☐ Divorced ☐ Separated

	FATHER OR MALE GUARDIAN		MOTHER OR FEMALE GUARDIAN	
3. Name		Age		Age
4. Home address				
5. Name and address of employer or firm				
6a. Nature of business		Years with firm		
6b. Position held				Years with firm
7. Provision for retirement	Please check if you participate in	☐ Social Security ☐ Another Plan ☐ Neither	Please check if you participate in	☐ Social Security ☐ Another Plan ☐ Neither
8. Names of banks at which you have accounts			Names of banks at which you have accounts	

9. Please list here all children, student applicant first. Please give specific dollar amounts where requested.

				Complete these columns only for children presently attending school or college						
					Check appropriate box					
Name	Age	Check if dependent for income tax purposes in 1963	Name of present school, college, or occupation (1962-63)	Year in School	Public School	Private School	College	a. Tuition plus fees 1962-63	b. Total amount of scholarship or gift aid, 1962-63	c. Difference (a less b)
Applicant		☐								
Other Children		☐								▨

	Total column "c"

10. Please list here other dependents receiving financial support from family. (Do not include those listed in 3 and 9 above.)

Name	Age	Relationship to student applicant	Check if living with family	Check if dependent for income tax purposes in 1963	Estimated amount of total annual support from family
			☐	☐	$
			☐	☐	$
			Total estimated amount of support from family		$

11. Please give make and year of any family automobiles.	Present auto indebtedness. $	If one of these cars is owned or used primarily by the applicant, indicate which.

12. Please explain here any special family circumstances the college should know about: See Instructions for examples.

13. List (in any order) colleges to which copies of this form are to be sent:		Enclose check or money order payable to College Scholarship Service: $3 for first college named and $2 for each additional college.	Do not write in boxes below
		Amount enclosed $........................	

(Please print) Student applicant

Last name

First name

Middle name

APPENDIX B-1—*Continued*

PARENTS' ANNUAL INCOME AND EXPENSES

		Total 1961	Total 1962	Estimated 1963	For css use only
⑭ Salaries and wages before taxes	Mother	$	$	$	
	Father				
⑮ Other income	Mother				
	Father				
16. Gross income (14 plus 15).					
⑰ Business expenses					
18. Net income before taxes (16 less 17)..........................					

19. Federal income tax......	1960 income tax	1961 income tax	1962 income tax	←If none, write "none."
Total Number Exemptions Claimed....				▨

	Total 1961	Total 1962	Estimated 1963
⑳ Annual home expenses........			
㉑ Uninsured medical expenses (include cost of medical insurance)			
㉒ Other extraordinary expenses paid........................			

PARENTS' ASSETS AND LIABILITIES

23. Life insurance Type:	Annual premium $	Face value $	Amount of insurance loans outstanding $	Present loan value less loans outstanding $
24. Home (if owned)......	Total amount of fire insurance $	a. Present market value $	b. Unpaid mortgage $	Difference (a less b) $
㉕ Other real estate........	$	$	$	$
㉖ Total capital value of business or farm....			$	▨
Dollar value of your share of business or farm................				$
27. Bank accounts (personal saving and checking)................				$

In the space below please explain all circled items.

Item ⑭ —Itemize sources, explain any major differences ($500 or more) between years 1962 and 1963.

Items ⑮⑰⑳㉑㉒㉕ and ㉘—Itemize and explain.

Item ㉖ Give total current assets, current liabilities, net fixed assets, and net profit. See Instructions.

Items ㉚ (31e) —Explain.

㉘ Other investments	$	
29. Indebtedness (exclude mortgage, auto, insurance loans)		
Purpose of debt	Amount outstanding	To be paid in 1963
	$	$
Total	$	$

STUDENT'S OWN ASSETS

㉚ Nature of assets	How obtained	Value
		$
	Total Student Assets	$

RESOURCES FOR STUDENT DURING 1963-64

㉛ Sources of financial support	If living at college	If commuting to college
a. From parents' income	$	$
b. From parents' assets		
c. From student's own assets (30)		
d. From student's summer earnings, 1963		
ⓔ From other sources		
Total	$	$

PARENTS' AUTHORIZATION

We have checked this form for omissions and errors. To the best of our knowledge, the information reported is complete and correct. We authorize its transmittal to the colleges named in Item 13 and its use by the College Scholarship Service as described in the *"Information"* and *"Instructions"* accompanying this form.

Signatures of both parents (or guardian) { **WORK SHEET**

Please retain for your records

Date

CC62 P650V *Copyright 1962, College Entrance Examination Board.*

IMPORTANT

Before mailing the Statement please check the following:

Has the Reference Form 1963-64 been completed?

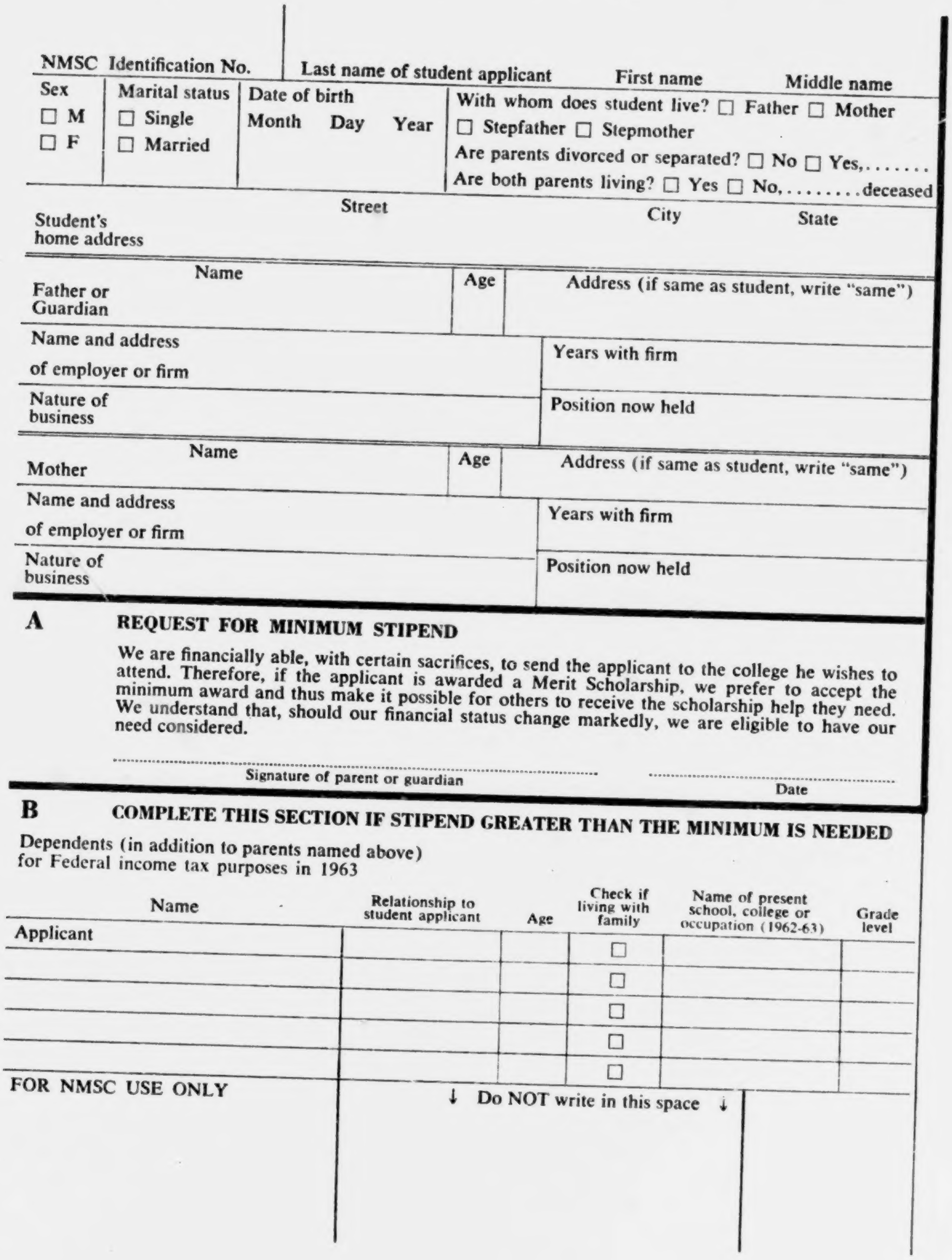
Has the Parents' Authorization been properly signed?

Are the names of the colleges to receive statement copies listed in Item 13 and is the fee of $3 for the first copy and $2 for each additional copy requested enclosed?

Has an entry been made or a dash been inserted in each item?

Has each circled item been itemized or explained in accordance with the instructions?

APPENDIX B–2: Financial Information Form of the National Merit Scholarship Corporation



NMSC Identification No. | Last name of student applicant | First name | Middle name

Sex ☐ M ☐ F	Marital status ☐ Single ☐ Married	Date of birth Month Day Year	With whom does student live? ☐ Father ☐ Mother ☐ Stepfather ☐ Stepmother Are parents divorced or separated? ☐ No ☐ Yes, ... Are both parents living? ☐ Yes ☐ No, ... deceased

Student's home address — Street — City — State

Father or Guardian — Name	Age	Address (if same as student, write "same")
Name and address of employer or firm		Years with firm
Nature of business		Position now held
Mother — Name	Age	Address (if same as student, write "same")
Name and address of employer or firm		Years with firm
Nature of business		Position now held

A **REQUEST FOR MINIMUM STIPEND**

We are financially able, with certain sacrifices, to send the applicant to the college he wishes to attend. Therefore, if the applicant is awarded a Merit Scholarship, we prefer to accept the minimum award and thus make it possible for others to receive the scholarship help they need. We understand that, should our financial status change markedly, we are eligible to have our need considered.

.... Signature of parent or guardian

.... Date

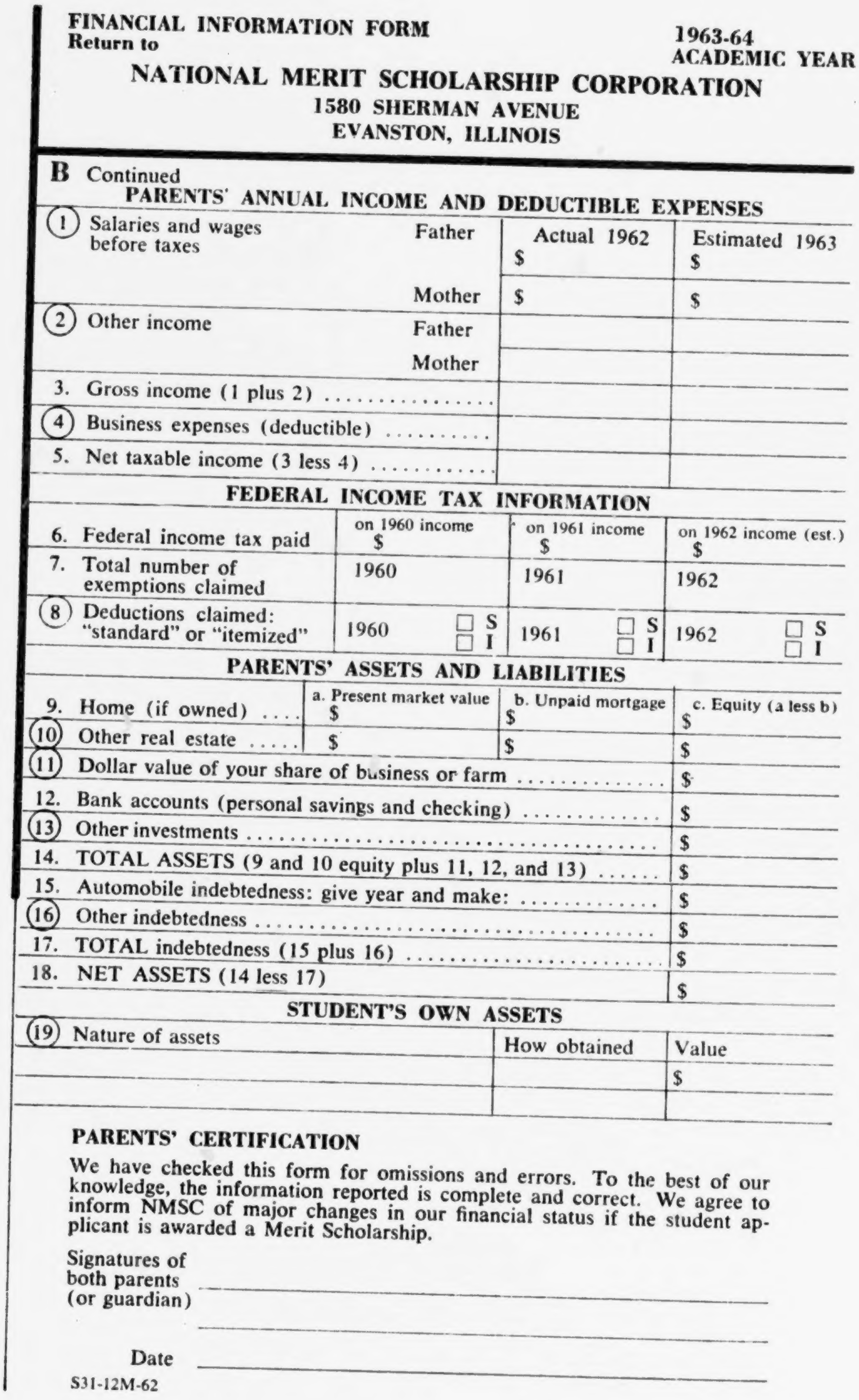
B **COMPLETE THIS SECTION IF STIPEND GREATER THAN THE MINIMUM IS NEEDED**

Dependents (in addition to parents named above) for Federal income tax purposes in 1963

Name	Relationship to student applicant	Age	Check if living with family	Name of present school, college or occupation (1962-63)	Grade level
Applicant			☐		
			☐		
			☐		
			☐		
			☐		

FOR NMSC USE ONLY

↓ Do NOT write in this space ↓



FINANCIAL INFORMATION FORM **1963-64**
Return to **ACADEMIC YEAR**

NATIONAL MERIT SCHOLARSHIP CORPORATION
1580 SHERMAN AVENUE
EVANSTON, ILLINOIS

B Continued

PARENTS' ANNUAL INCOME AND DEDUCTIBLE EXPENSES

		Actual 1962	Estimated 1963
① Salaries and wages before taxes	Father	$	$
	Mother	$	$
② Other income	Father		
	Mother		
3. Gross income (1 plus 2)			
④ Business expenses (deductible)			
5. Net taxable income (3 less 4)			

FEDERAL INCOME TAX INFORMATION

	on 1960 income	on 1961 income	on 1962 income (est.)
6. Federal income tax paid	$	$	$
7. Total number of exemptions claimed	1960	1961	1962
⑧ Deductions claimed: "standard" or "itemized"	1960 ☐ S ☐ I	1961 ☐ S ☐ I	1962 ☐ S ☐ I

PARENTS' ASSETS AND LIABILITIES

	a. Present market value	b. Unpaid mortgage	c. Equity (a less b)
9. Home (if owned)	$	$	$
⑩ Other real estate	$	$	$
⑪ Dollar value of your share of business or farm			$
12. Bank accounts (personal savings and checking)			$
⑬ Other investments			$
14. TOTAL ASSETS (9 and 10 equity plus 11, 12, and 13)			$
15. Automobile indebtedness: give year and make:			$
⑯ Other indebtedness			$
17. TOTAL indebtedness (15 plus 16)			$
18. NET ASSETS (14 less 17)			$

STUDENT'S OWN ASSETS

⑲ Nature of assets	How obtained	Value
		$

PARENTS' CERTIFICATION

We have checked this form for omissions and errors. To the best of our knowledge, the information reported is complete and correct. We agree to inform NMSC of major changes in our financial status if the student applicant is awarded a Merit Scholarship.

Signatures of
both parents
(or guardian) ______________________________

____

Date ______________________________

S31-12M-62

APPENDIX B–2—*Continued*

INFORMATION CONCERNING DETERMINATION OF INDIVIDUAL STIPENDS

Procedure used in determining Merit Scholarship stipends

1. The student's total annual cost of attending the institution of his choice is determined by adding: (a) tuition and fees as reported by the institution, (b) room and board charges as reported by the institution, (c) a flat amount of $400 to cover the cost of books, clothing, laundry, and incidental expenses, and (d) an amount for travel ($.05 per mile) from the student's home to college and back twice a year.

2. The amount the student's family will be expected to contribute from its income is determined, taking into consideration the net taxable family income and the number of dependents in the family. This expectancy from income is generally the same amount the family will pay in federal income tax, if the standard deductions are claimed. The following table shows the amounts normally expected from parents' income in a one-child family. The expected contribution is decreased by approximately $125-$150 for each additional dependent child (somewhat less at low incomes and somewhat more at high incomes.)

Family income	Expected contribution	Family income	Expected contribution	Family income	Expected contribution
$3,000	$180	$ 7,500	$1,009	$11,000	$1,706
4,000	360	8,000	1,108	12,000	1,940
5,000	540	8,500	1,207	13,000	2,174
6,000	720	9,000	1,306	15,000	2,642
6,500	811	9,500	1,405	17,000	3,305
7,000	910	10,000	1,504	20,000	3,988

   If more than one child will be a college undergraduate during the year, $600 is added to the normal expectancy and the resultant figure divided equally between the two children in NMSC'S computation.

3. The amount the student's family will be expected to contribute from its assets is determined by totaling student savings, home and real estate equity, bank accounts, other investments, and the capital value of a business or farm (less $25,000). All family indebtedness, a $10,000 thrift allowance, and a $500 emergency allowance for each member of the family are subtracted from the total assets to arrive at a net asset figure. An annual contribution of 1/40 of the net assets is expected in a one-child family; 1/48 if there are two children; 1/56, 1/64, 1/72, 1/80 for three, four, five, and six children, respectively. The expected contribution will be somewhat greater in cases where the net assets exceed $20,000.

4. The amount the student will be expected to contribute from summer employment is added to the expected contributions from family income and assets. Boys are expected to contribute $250 and girls $150 from their employment during the summer between secondary school and college.

5. The annual stipend to accompany the scholarship is the difference (up to $1500) between the college budget (as determined in step 1) and the total expected from family income, family assets, and the student's summer earnings.

ADJUSTMENT OF STIPENDS IN CASE OF FINANCIAL CHANGES

A stipend will be changed in subsequent years only in the event of a major change in the family financial situation. It is expected that the Scholar and his family will be resourceful enough to absorb changes in college costs and normal yearly fluctuations in family income. Major increases or decreases in family income should be reported to NMSC.

ACCEPTANCE OF OTHER AWARDS

Merit Scholars may accept other monetary awards up to a total of $500 over a four-year period (that is, a single award or prize of no more than $500, or a four-year scholarship of no more than $125 a year). All awards of monetary value are to be reported to NMSC. Exceptions to the $500 limit may be made in the case of a Scholar receiving a maximum Merit stipend where the college and NMSC agree that his need exceeds his Merit stipend and the college wishes to supplement it. Merit Scholars are encouraged to refuse other awards, thus permitting these funds to be used for the assistance of other needy scholarship candidates.

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